



DEPARTMENT OF  
**FINANCE**

ARNOLD SCHWARZENEGGER, GOVERNOR

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March 23, 2005

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California State Legislature  
Joint Legislative Audit Committee  
1020 N Street, Room 107  
Sacramento, CA 95814

Senator Wesley Chesbro, Chair  
California State Senate  
Budget and Fiscal Review Committee  
State Capitol, Room 5019  
Sacramento, CA 95814

Assembly Member John Laird, Chair  
California State Assembly  
Committee on Budget  
State Capitol, Room 6026  
Sacramento, CA 95814

### **Final Report—Review of Bond Funds**

In accordance with the Governor's and Legislature's directives, we respectfully submit the final report on our review of the 2000 Parks Bond (Proposition 12), 2000 Water Bond (Proposition 13), 2002 Resources Bond (Proposition 40), and 2002 Water Bond (Proposition 50) funds, as of June 30, 2004. The report includes a status of open bond projects, a review of project expenditures, findings, recommendations, and a consolidated response from the Resources Agency. We plan to publish this report on the Department of Finance's website.

We appreciate the cooperation and assistance of all of the participating departments and agencies with our review. If you have any questions, please contact me or Richard R. Sierra, Manager, at (916) 322-2985.

Sincerely,

*Original Signed By:*

Samuel E. Hull, Chief  
Office of State Audits and Evaluations

Enclosure

cc: Honorable Michael Chrisman, Secretary, Resources Agency  
Honorable Alan C. Lloyd, Ph.D, Secretary, California Environmental Protection Agency  
Honorable Kimberly Belshé, Secretary, California Health and Human Services Agency  
Mr. Don Wallace, Assistant Secretary, Resources Agency  
Ms. Elaine Berghausen, Deputy Assistant Secretary, Resources Agency  
Mr. Bryan Cash, Deputy Assistant Secretary, Resources Agency  
Department Directors  
Office of the Legislative Analyst  
Bureau of State Audits  
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# A REVIEW OF BOND FUNDS

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## Propositions 12, 13, 40, and 50 Status of Bond Projects and Expenditures As of June 30, 2004

Prepared By:  
Office of State Audits and Evaluations  
Department of Finance

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## PREFACE

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The Department of Finance, Office of State Audits and Evaluations, performed this review at the Governor's and Legislature's direction. The review's purpose was to determine the project status of the 2000 Parks Bond (Proposition 12), 2000 Water Bond (Proposition 13), 2002 Resources Bond (Proposition 40), and 2002 Water Bond (Proposition 50) funds, and to audit the expenditures of those funds, for the period July 1, 2003 to June 30, 2004. Specifically, our objectives were to:

- Obtain from departments administering Proposition 12, 13, 40, and 50 bond funds, information on the status of their bond projects, including projects approved, expenditures incurred, and remaining appropriation balances.
- Review the applicable internal control of departments administering bond funds to determine areas of risk and to identify where the control and accountability for bond funds could be improved.
- Audit a sample of bond program expenditures/disbursements for the period July 1, 2003 to June 30, 2004, for accuracy and fiscal compliance with statutory or contractual requirements. Expenditures include state operations, capital outlay, and local assistance.

This report includes audit results for fiscal year 2003-04, and also summarizes cumulative information since program inception.

We did not conduct a performance review to assess the effectiveness and efficiency of the bond programs' operations or program compliance. The scope of our review was limited to fiscal compliance.

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## EXECUTIVE SUMMARY

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During our review of the 2000 Parks Bond (Proposition 12), 2000 Water Bond (Proposition 13), 2002 Resources Bond (Proposition 40), and 2002 Water Bond (Proposition 50) funds for the period July 1, 2003 to June 30, 2004, we determined that, except as noted, bond funds and bond-acquired assets were accurately accounted and reported in compliance with the bond acts, and in conformity with the accounting practices as prescribed by the State of California. The following is a summary of our findings:

### **Proposition 12**

As of June 30, 2004:

- Cumulative expenditures, encumbrances, and other commitments totaled \$1,753,572,780.
- \$18,502,597 of the original allocation remained unappropriated and uncommitted.
- \$205,147,721 of the total appropriation remained unexpended, unencumbered, and uncommitted.
- There were 4,081 projects, of which 1,721 are complete.

### **Proposition 13**

As of June 30, 2004:

- Cumulative expenditures, encumbrances, and other commitments totaled \$1,239,995,406.
- \$191,075,294 of the original allocation remained unappropriated and uncommitted.
- \$307,399,282 of the total appropriation remained unexpended, unencumbered, and uncommitted.
- There were 1,043 projects, of which 336 are complete.

### **Proposition 40**

As of June 30, 2004:

- Cumulative expenditures, encumbrances, and other commitments totaled \$964,788,127.

- \$247,598,595 of the original allocation remained unappropriated and uncommitted.
- \$1,146,940,278 of the total appropriation remained unexpended, unencumbered, and uncommitted.
- There were 2,266 projects, of which 461 are complete.

### **Proposition 50**

As of June 30, 2004:

- Cumulative expenditures, encumbrances, and other commitments totaled \$703,717,304.
- \$1,454,140,196 of the original allocation remained unappropriated and uncommitted.
- \$1,068,590,500 of the total appropriation remained unexpended, unencumbered, and uncommitted.
- There were 353 projects, of which 86 are complete.

### **Internal Control Issues**

As discussed in the *Findings and Recommendations* section of this report, we identified areas where the control and accountability for bond funds could be strengthened, and have provided recommendations to improve fiscal operations. The control issues pertain to accounting and reporting, fixed assets, and project monitoring.

### Background

Between March 2000 and November 2002, California voters passed four bond measures totaling \$10.1 billion. Propositions 12 (\$2.1 billion) and 13 (\$1.97 billion), which passed on the March 2000 ballot, were followed by Propositions 40 (\$2.6 billion) and 50 (\$3.44 billion), which passed on the March and November 2002 ballots, respectively. These Propositions authorized the sale of bonds to finance a variety of resource programs. Administered by a number of state departments, agencies, boards, and conservancies (collectively referred to as *departments*), the proceeds from these bonds support a broad range of programs that protect, preserve, and improve California's water and air quality, open space, public parks, wildlife habitats, and historical and cultural resources. Bond proceeds are expended directly by the administering state departments on various capital outlay projects, and are also disbursed to federal, state, local, and non-profit entities in the form of grants, contracts, and loans.

The bond programs provide for the issuance and sale of general obligation bonds of the State of California, and the establishment of special funds and accounts for depositing the funds and carrying out the purposes specified in each of the bond acts. Operating cash is provided by short-term loans from the State's Pooled Money Investment Account (PMIA). The PMIA Loans are repaid upon sale of the bonds.

Program funds from Propositions 12 and 13 were appropriated beginning with fiscal year 1999-00. Propositions 40 and 50 were appropriated beginning with fiscal years 2001-02 and 2002-03, respectively. Departments anticipate that most projects will be completed by 2012-13, with a few projects extending beyond this period.

The details for each bond program are discussed below.

### Proposition 12

Responding to the recreational and open-space needs of a growing population and expanding urban communities, the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000 (Proposition 12) renews state stewardship of natural resources by investing, through the issuance and sale of \$2.1 billion in general obligation bonds, in neighborhood and state parks, clean water protection, coastal beaches, and scenic areas. Implemented by Chapter 461, Statutes of 1999 (Assembly Bill 18, Villaraigosa and Keeley), as amended by Chapter 638, Statutes of 1999 (Senate Bill 1147, Leslie), the act finances a comprehensive program for the acquisition, development, improvement, rehabilitation, restoration, enhancement, and protection of park, recreational, cultural, historical, fish and wildlife, lake riparian, reservoir, and coastal resources. *[Source: Assembly Bill 18]*

To manage program implementation, Proposition 12 funding was allocated to 13 state departments for support, local assistance, and capital outlay. The capital outlay projects consist

primarily of land acquisition and restoration for the state park system, coastal areas, and protection of fish and wildlife. A portion of the Proposition 12 funding is also allocated to local agencies and non-profit organizations for urban parks, recreational facilities, cultural centers, restoration projects, and land acquisitions. The Proposition 12 funds allocated to each department and bond act section are summarized on Schedules 1 and 2, respectively.

The act also created the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (0005) for purposes of depositing the proceeds from the sale of bonds, and for funding the programs specified in the act. Appropriations are made from this fund.

The Resources Agency was assigned the overall lead responsibility for the Propositions 12, 40, and 50 programs, and the Department of Parks and Recreation was assigned the responsibility to track participating departments' cash needs, loans, and allocation balances. Departments are responsible for managing their individual projects and for maintaining project accounting records.

### **Proposition 13**

The Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act (Proposition 13) provides funding to enhance water supply reliability, improve water quality and safety, improve flood protection, and increase the beneficial use of existing water supplies in California. The act also provides loan and grant funding for urban and agricultural water conservation, infrastructure rehabilitation, and groundwater recharge and storage projects or feasibility studies. To finance the act's programs, the state is authorized to sell \$1.97 billion in general obligation bonds. *[Source: Assembly Bill 1584]*

Implemented by Chapter 725, Statutes of 1999 (Assembly Bill 1584, Machado and Costa), and administered by 11 state departments, the act's funding comprises support, local assistance, and capital outlay. More than half of the funding is designated for grants and loans to local agencies and non-profit organizations.

The act also created the Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Bond Fund (6001) for purposes of depositing the proceeds from the sale of bonds, and for funding the programs specified in the act. This main fund serves as a clearing account for 29 related sub-funds and sub-accounts, each of which receive specific appropriations.

Although a lead agency has not been assigned to oversee and coordinate Proposition 13 activities, individual participating departments are responsible for managing their cash needs and for maintaining records in support of project activities and expenditures.

The Proposition 13 funds allocated to each department and bond act section are summarized on Schedules 3 and 4, respectively.

### **Proposition 40**

The California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40) provides funding for clean air, clean water, clean beaches, and healthy natural ecosystems that can support both human communities and the state's native fish and wildlife. The act also provides funding for the protection, restoration, and interpretation of the diverse cultural influences and extraordinary human achievements that have contributed to the



unique development of California. To finance these programs, Proposition 40 authorizes the sale of \$2.6 billion in general obligation bonds. *[Source: Assembly Bill 1602]*

Implemented by Chapter 875, Statutes of 2001 (Assembly Bill 1602, Keeley), as codified in Division 5, Chapter 1.696 (commencing with Section 5096.600) of the Public Resources Code, and administered by 17 state departments during 2003-04, the act's funding comprises support, local assistance, and capital outlay.

The act created the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (6029) for purposes of depositing the proceeds from the sale of bonds and for funding the programs specified in the act. Appropriations are made from this fund.

The Proposition 40 funds allocated to each department and bond act section are summarized on Schedules 5 and 6, respectively.

### **Proposition 50**

The Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Proposition 50) provides funding to secure a safe, clean, affordable, and sufficient water supply to meet the needs of California residents, farms, and businesses. The act also provides funding to safeguard the integrity of the state's water supply, the CALFED Bay-Delta Program, establish and facilitate integrated regional water management systems, protect urban communities from drought, and to protect, restore, and acquire beaches, wetlands, and watershed lands along the coast. To finance these programs, the state is authorized to sell \$3.44 billion in general obligation bonds. *[Source: Division 26.5 of the Water Code]*

Implemented by Section 1, Division 26.5 (commencing with Section 79500) of the Water Code, and administered by 13 state departments during 2003-04, the act's funding comprises support, local assistance, and capital outlay.

The act also created the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund (6031) for purposes of depositing the proceeds from the sale of bonds and for funding the programs specified in the act. Appropriations are made from this fund.

The Proposition 50 funds allocated to each department and bond act section are summarized on Schedules 7 and 8, respectively.

## SCOPE AND METHODOLOGY

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On November 9, 1999, the Governor directed each department allocated Proposition 12 and 13 funds “to annually report to the Department of Finance: a list of projects approved, the progress of the project or actual expenditures made, and the amount of funds remaining in each account.” The Governor also directed the Department of Finance to annually audit and report on the expenditure of these funds. Subsequent bond language required the Secretary for Resources to provide for an annual audit of Proposition 40 expenditures. Upon passage of Propositions 40 and 50, the Resources Agency requested the Department of Finance to annually audit Propositions 40 and 50 in conjunction with, and using the same requirements as, the audits of Propositions 12 and 13. Further, the Supplemental Report of the 2003 Budget Act states that “The annual audits of Proposition 12, 13, 40, and 50 conducted by the Department of Finance shall be submitted to the budget committee and other relevant committees of each house of the Legislature on or before April 1 of each year for the previous fiscal year appropriations.”

In response to the Governor's and Legislature's directives, the Department of Finance, Office of State Audits and Evaluations, has completed its audit of Proposition 12, 13, 40, and 50 expenditures, as of June 30, 2004, and presents its fourth annual report.

Our scope included an audit of the Proposition 12, 13, 40, and 50 bond controls and transactions for the period July 1, 2003 to June 30, 2004, and a compilation of department-reported project information for the period July 1, 2000 to June 30, 2004, with the objective of determining whether the bond expenditures and encumbrances were accurately reported. The methods used and procedures performed by scope area are as follows:

- **We determined whether administering departments had effective control and accountability for bond funds, and whether they had adequate project monitoring processes.** For this area, we interviewed administering departments' fiscal and program staff, observed operations and activities, reviewed policies and procedures, reviewed contract terms and project scopes, reviewed project files for evidence of periodic monitoring and submission of required deliverables, and tested a sample of bond expenditures for proper authorization and compliance with established procedures and contract terms. Where appropriate, we reviewed and relied on the work of other auditors. We found that, except as noted, bond funds and bond-acquired assets were safeguarded against loss from unauthorized use or disposition, bond transactions were executed in accordance with management's authorization and recorded properly to permit the preparation of reliable financial reports, and fiscal/monitoring activities followed sound business practices, and were conducted in accordance with the bond acts and with policies and procedures established in the State Administrative Manual (SAM). Identified control weaknesses are described in the *Findings and Recommendations* section of this report.

- **We determined whether bond funds were expended and reported in accordance with the bond acts and State accounting requirements.** To complete this objective, we reviewed the bond acts and applicable laws and regulations, reviewed policies and procedures, interviewed administering departments' management and staff, reviewed and verified bond allocations and appropriations, verified fund transfers, reconciled accounting records with financial reports, tested a sample of expenditures (support, local assistance, and capital outlay) to supporting documents, reviewed grant agreements and contracts, and verified the validity of encumbrances and reserves. We inspected acquired land (on a limited basis) and reviewed appraisals, escrow/closing statements, deeds of trust, and the recording of state-owned land in departmental funds/accounts and statewide real property inventories. Where appropriate, we reviewed and relied on the work of other auditors. We found that the bond expenditures for the period July 1, 2003 to June 30, 2004, were accurately accounted and reported in compliance with the bond acts, and in conformity with the accounting practices as prescribed by the State of California. The results of our audit are summarized on Schedules 1 through 8.

During the period March 1, 2002 to August 12, 2004, we audited 215 Proposition 12, 13, 40, and 50 grant contracts awarded to federal and local agencies, joint powers authorities, and nonprofit organizations. The objective of these audits was to determine the grantees' fiscal compliance with the contracts. We issued separate reports to grantees and funding departments concerning the audit work performed. In this connection, we found only isolated compliance or control exceptions. We will continue these grant audits, during fiscal year 2004-05.

- **We determined whether administering departments' self-reported project status appeared complete, consistent, and informative.** In accordance with the Governor's directive, we requested all administering departments to report to us the status of their projects (by bond act item). Specific projects are designated as completed when activities, as funded by the bond propositions, have been fulfilled. For example, land acquisition projects are deemed completed when escrow closes and title is transferred; and construction projects are considered completed when the project is available for its designated use, and the department/grantee has complied with the required administrative actions (i.e. certificate of completion, final progress report, final inspection, etc.). To obtain project completion dates, we distributed surveys, interviewed department staff, reviewed project files, reviewed expenditure details, conducted grant audits, and reconciled department-reported information with financial reports and other external documentation. To obtain average contract amounts, we divided the sum of expenditures and encumbrances by the total number of contracts awarded by the department. The results are summarized in the *Project Overview and Status* section of this report.

The project status information was reported to us through June 30, 2004. Because this information is estimated and self-reported, our auditing procedures did not extend to a verification of the expected completion dates, and we make no representations about their accuracy. However, we did review the information for consistency and completeness and followed up with departments to clarify

and specify details. We will continue reviewing project completion during subsequent field audits of grantees.

Our review did not include an assessment of the bond authorization, issuance, and sale processes, or an examination of the efficiency or effectiveness of program operations. Further, we did not assess the reasonableness of the land acquisition costs, or the conservation value of the land acquired or projects completed.

## PROJECT OVERVIEW AND STATUS

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Since July 1, 2000, most administering departments developed processes to review applications, identify and prioritize projects and grantees, and administer the bond programs. In addition to directly-managed projects, administering departments executed contracts for land acquisitions, construction projects, and studies with various completion dates. The departments provided to us the following project status information, as of June 30, 2004. We performed limited tests of the information provided.

Due to the large volume of individual projects, no attempt has been made to summarize all projects at the grant level. Instead, we aggregated the projects into the major categories as shown in the bond acts, and summarized their status on a consolidated basis. However, for certain major projects, we provide more detailed information. In the bond acts, Proposition 12, and most of the Proposition 40 and 50 funds were allocated by *department*, while Proposition 13 funds were allocated by *specific program* (with one or more participating departments). Consequently, there may be differences in presentation among the four propositions. For Proposition 13, we also show project status by department when possible. Completed projects represent projects where activities, as funded by the bond propositions, have been fulfilled. The reported project costs are the maximum amount of bond funds allowed by the contract, grant, or encumbrance.

The following is a summary of the major programs as authorized in the bond acts, their allocations, and project status. The number of projects, average project costs, and allocations/appropriations are for the period July 1, 2000 to June 30, 2004. The estimated completion dates were reported as of June 30, 2004.

### Propositions 12, 40, and 50

*(The Planning & Conservation League, PCL Foundation, and departmental websites provided some of the following program information.)*

**Department of Parks and Recreation:** The Department of Parks and Recreation (DPR) administers the largest and most complex state park system in the world, including hundreds of units, from mountain and desert wilderness to historic structures and urban districts. The DPR serves several roles under Propositions 12 and 40. It operates the State Park System and receives funding to acquire new parks, restore existing park resources and volunteer facilities, and improve visitor facilities. Additionally, per capita and competitive grants/contracts are made to local agencies. Some of the grants are for urban recreation programs, historic preservation, zoos, museums, aquariums, and youth facilities. The DPR has been allocated \$1.364 billion from Proposition 12 and \$1.095 billion from Proposition 40 for these purposes.

A total of \$1.296 billion has been appropriated under Proposition 12. The DPR approved and funded 2,646 projects, ranging from \$100 to \$43 million. Major projects include acquisitions at Topanga Canyon (\$43 million), Kenneth Hahn (\$36 million), Los Angeles Cornfields

(\$33 million), Taylor Yards (\$25 million and \$11 million), Irish Hills (\$13 million), Chino Hills (\$10 million and \$4 million), and Mill Creek (\$10 million, with additional bond funds from the State Coastal Conservancy and the Wildlife Conservation Board); and development/rehabilitation projects at Bolsa Chica (\$9 million), Mt. Diablo (\$5 million), and Hearst San Simeon (\$4 million). Eight hundred and thirty-eight projects have been completed. For the remaining projects, estimated completion dates range from fiscal years 2004-05 through 2009-10.

A total of \$964.3 million has been appropriated under Proposition 40, inclusive of \$91.5 million from an unspecified allocation. The DPR approved and funded 1,470 projects, ranging from \$2,000 for an exotic species removal project at Henry Coe State Park to a \$9.2 million rehabilitation project at Crystal Cove State Park. Other major projects include improvements at Will Rogers (\$2 million), Taylor Yards (\$2 million), Los Angeles Cornfields (\$2 million), and Topanga Canyon (\$1 million), as well as acquisitions at Harmony Coast/Sea West Ranch (\$15 million), Cottle Ranch (\$5 million), and John B. Dewitt State Reserve (\$2 million). One hundred and twenty-eight projects have been completed. For the remaining projects and grants, estimated completion dates range from fiscal years 2004-05 through 2010-11.

**California Conservation Corps:** The California Conservation Corps (CCC) provides assistance to local agencies that participate in a variety of conservation projects, including stream and wetlands restoration and other resource projects. Project funds are disbursed to the CCC's 14 Centers and 5 Districts for support projects, and as grants to local conservation corps. The CCC was allocated \$15 million from Proposition 12 and \$20 million from Proposition 40.

A total of \$13.6 million was appropriated from Proposition 12 and \$9.3 million from Proposition 40. The CCC awarded 158 contracts averaging\* \$69,000 under Proposition 12, and 68 contracts averaging \$134,000 under Proposition 40. All Proposition 12 projects and 67 Proposition 40 projects have been completed. The scheduled completion date for the remaining Proposition 40 project is June 2005.

\*All averages are based on cumulative expenditures and encumbrances as of June 30, 2004.

**Wildlife Conservation Board:** The Wildlife Conservation Board (WCB) acquires wildlife habitats, primarily for later management by the Department of Fish and Game. Most of the allocated funds will go toward the preservation of habitat for endangered plants and animals. WCB will also use funds for the acquisition of wetlands, waterfowl habitat, ancient redwoods and oak woodlands, the preservation of the Salton Sea, as well as other wildlife projects. The WCB was allocated \$265.5 million, \$300 million, and \$940 million under Propositions 12, 40, and 50, respectively.

As of June 30, 2004, \$255.3 million and \$344 million have been appropriated via Propositions 12 and 40, and \$962 million from Proposition 50. Included in the Proposition 40 appropriation is \$24 million from the unspecified allocation. The bond act continuously appropriated the WCB's Proposition 40 and 50 allocations, while the budget act appropriated additional funds for estimated statewide costs and future obligations, resulting in over-appropriations. The WCB is internally monitoring program expenditures and encumbrances to ensure that they do not exceed the original allocations. Project funds are disbursed in the form of grants to government agencies, non-profit organizations, or directly to vendors/contractors. The WCB awarded 126 projects averaging \$1.9 million under Proposition 12, 38 projects averaging \$2.6 million under Proposition 40, and 32 projects averaging \$15.2 million under Proposition 50. The WCB provided \$135 million for the Ahmanson Ranch acquisition in

Ventura County, \$74 million for the Cargill Salt Ponds acquisition in the San Francisco Bay Area, and \$140 million for the Ballona Wetlands in Los Angeles County. Of the 196 projects, 69 Proposition 12, 12 Proposition 40, and 3 Proposition 50 projects have been completed, with the remaining Propositions 12 and 50 contracts to be completed by December 2006, and Proposition 40 contracts by December 2005.

**California Tahoe Conservancy:** The California Tahoe Conservancy (CTC) was established to develop and implement programs to improve Lake Tahoe's water quality, preserve the region's scenic beauty and recreational opportunities, provide public access, preserve wildlife habitats, and manage and restore lands to protect the natural environment. The CTC was allocated \$50 million, \$40 million, and \$40 million through Propositions 12, 40, and 50, respectively.

A total of \$48.1 million was appropriated under Proposition 12 and \$5.2 million under Proposition 40, with Proposition 50 yet to be appropriated funds. Project funds are for the acquisition of land and erosion control. The CTC awarded 99 contracts averaging \$365,000 under Proposition 12, and 4 projects averaging \$901,000 under Proposition 40. Seven Proposition 12 contracts have been completed, with the remaining to be completed by May 2027. All four Proposition 40 contracts remain open, and are scheduled to be completed by April 2018. As of June 30, 2004, no Proposition 50 contracts had been awarded.

**California State Coastal Conservancy:** The California State Coastal Conservancy (SCC) was created to purchase, protect, restore, and enhance coastal resources and access. SCC finances a wide variety of coastal programs and projects, including projects to protect San Francisco Bay, Santa Monica Bay, Newport Bay, Ballona Wetlands, and the Laguna Coast. Additional programs include coastal protection, salmon protection and restoration, creation of trails along the coast and Guadalupe River, and extension of the San Francisco Bay Ridge Trail. The SCC has been allocated \$250.4 million, \$240 million, and \$140 million via Propositions 12, 40, and 50, respectively.

A total of \$515.3 million in project funds has been appropriated (\$241.5 million from Proposition 12, \$239.9 million from Proposition 40, and \$33.9 million from Proposition 50). Included in the Proposition 40 appropriation is \$50.4 million from the unspecified allocation. Project funds are disbursed in the form of grants to local or non-profit agencies, or directly to vendors/contractors. The SCC awarded 491 contracts averaging \$356,000 under Proposition 12, 201 contracts averaging \$525,000 under Proposition 40, and 21 contracts averaging \$885,000 under Proposition 50. Contracts include a \$2 million award to the Mendocino Land Trust for the Big River acquisition, a \$7.4 million award to the Association of Bay Area Governments for the Bay Trails Block Grant, and a \$3.6 million award for the Cowell Ranch Acquisition in Contra Costa County. Three hundred and thirty contracts have been completed under Proposition 12, sixty-two under Proposition 40, and five under Proposition 50. The remaining contracts have estimated completion dates through May 2024.

**Santa Monica Mountains Conservancy:** The Santa Monica Mountains Conservancy (SMMC) was established to preserve land in the Santa Monica Mountains region of western Los Angeles and eastern Ventura counties. The SMMC works closely with the National Park Service and DPR in protecting wildlife habitat and recreation areas. Additionally, the SMMC has established partnerships with a variety of local agencies to protect unique resources in Los Angeles County, such as the Los Angeles River, Whittier Hills, and parklands in Ventura County. SMMC was allocated \$35 million, \$40 million, and \$40 million in Proposition 12, 40, and 50 funds, respectively, to continue these programs.

A total of \$34 million was appropriated from Proposition 12, \$24.4 million from Proposition 40, and \$9.7 million from Proposition 50. Project funds are granted to the Mountains Recreation and Conservation Authority (MRCA). SMMC awarded 116 contracts to MRCA: 64 projects averaging \$490,000 from Proposition 12 and 52 projects averaging \$419,000 from Proposition 40. In addition, SMMC awarded five contracts averaging \$1.6 million from Proposition 50. Major projects include the \$9.5 million Avatar land acquisition within the City and County of Los Angeles (Proposition 12), and the \$2 million Oakmont acquisition in Los Angeles County (Proposition 40). Fifty-six Proposition 12 projects, thirty-six Proposition 40 projects, and two Proposition 50 projects have been completed. The remaining projects are due to be completed by June 2008 for Proposition 12, and October 2005 for Propositions 40 and 50.

**Coachella Valley Mountains Conservancy:** The Mountains surrounding the Coachella Valley are unique biological, historical, cultural, and recreational resources. They are heavily used by visitors from around the world, and are of great importance to the area's Native Americans. The Coachella Valley Mountains Conservancy (CVMC) was established to acquire the most important lands threatened by development. Proposition 12 provides \$5 million and Proposition 40 provides \$20 million to continue this program.

A total of \$21 million was appropriated: \$4.9 million from Proposition 12 and \$16.1 million from Proposition 40. Project funds are disbursed either for direct acquisitions by the CVMC or as grants to local agencies and nonprofit organizations. The CVMC awarded 33 contracts: 21 contracts averaging \$198,000 from Proposition 12, and 12 contracts averaging \$756,000 from Proposition 40. Contracts included \$10 million for the acquisition of the Cathton property. All contracts awarded before June 30, 2004 have been completed, except for one Proposition 40 contract that was expected to be completed by September 2004.

**San Joaquin River Conservancy:** Undeveloped land surrounding the San Joaquin River, between Friant Dam and Highway 99 in Fresno and Madera counties, is a unique resource to the fast growing San Joaquin Valley, which suffers from a dearth of protected natural lands. The San Joaquin River Conservancy (SJRC) has been allocated \$15 million from Proposition 12 and \$25 million from Proposition 40 to promote land acquisition, habitat preservation and enhancement, and public access and recreation programs.

A total of \$14.6 million was appropriated under Proposition 12 and an additional \$11 million was appropriated under Proposition 40. These funds have been appropriated to the Wildlife Conservation Board on behalf of the SJRC. Public access and recreation project funds are disbursed in the form of grants to local government and nonprofit agencies, or directly to contractors. The SJRC awarded 12 Proposition 12 contracts averaging \$965,000, including a \$1.3 million expansion to the San Joaquin River Parkway. Three projects have been completed, and the remaining projects will be completed by June 2005. As of June 30, 2004, no Proposition 40 contracts had been awarded.

**Department of Conservation:** The Department of Conservation (DOC) manages a number of resource programs, including an agricultural conservation easement program to prevent the non-agricultural development of farmland. Conservation easements are acquired from willing sellers, who can continue to farm without restriction of agricultural activity. Upon sale of the easement, non-agricultural development is prevented. The DOC was allocated \$25 million from Proposition 12 for easement grants.

A total of \$23.6 million was appropriated under Proposition 12. In addition, \$10 million was appropriated via the Proposition 40 unspecified allocation. Project funds are disbursed in the



form of grants for the California Farmland Conservancy Program. The DOC awarded 40 contracts under Proposition 12, averaging \$436,000 per contract. Contracts include \$2.2 million for the McConeghy agricultural easement. Twenty contracts have been completed. The remaining contracts are scheduled for completion by September 2006. As of June 30, 2004, no Proposition 40 contracts had been awarded.

**Department of Forestry and Fire Protection:** The Department of Forestry and Fire Protection's (CDF) Urban Forestry Program provides grants to urban communities to plant and maintain trees. This program improves air quality, makes neighborhoods more attractive, improves property values, and provides wildlife habitats. To continue these efforts, the CDF was allocated \$10 million from Proposition 12 and \$10 million from Proposition 40.

A total of \$7 million was appropriated from Proposition 12 for the Urban Forestry Program. CDF was also appropriated \$2 million and \$240,000 from the unspecified Proposition 40 and 50 allocations, respectively. Project funds are disbursed in the form of grants/contracts. The CDF awarded 162 Proposition 12 contracts, averaging \$28,000 per contract, of which 76 have been completed. The CDF also awarded 136 Proposition 40 contracts averaging \$13,000, of which 121 have been completed. Two Proposition 50 contracts averaging \$98,000 have been awarded. All open contracts are expected to be completed by March 2006.

**Department of Fish and Game:** The Department of Fish and Game (DFG) was allocated \$12 million in Proposition 12 funds. DFG is mandated under Proposition 12 to implement waterfowl habitat improvement projects, and to remove non-native vegetation. The DFG will also administer lands acquired with these moneys.

A total of \$7 million was appropriated from Proposition 12. A specific allocation was not identified for DFG in the Proposition 40 and 50 bond acts; however, \$16 million from an unspecified Proposition 40 allocation went to DFG for projects to protect beaches, coastal waters, rivers, lakes, and streams from contaminants, pollution, and other environmental threats. In addition, \$2 million from an unspecified Proposition 50 allocation went to DFG for implementation of the CALFED Bay-Delta Program. Project funds are for the development, restoration, and preservation of habitats and wetlands. The DFG awarded 213 contracts: 102 contracts averaging \$53,000 under Proposition 12 and 111 contracts averaging \$124,000 under Proposition 40. Seventy-seven of the Proposition 12 contracts are ten-year projects, with estimated completion dates from October 2010 to February 2013. Proposition 12 contracts include \$458,158 for construction of the Gray Lodge Wildlife Area office complex in Butte County, and \$1.2 million to Trinity County for bridge replacement. Of the remaining 25 Proposition 12 contracts, 19 are complete and 6 will be completed by February 2013. Of the 111 Proposition 40 contracts, 20 are complete and the remaining contracts are expected to be completed by late March 2006. As of June 30, 2004, no Proposition 50 contracts had been awarded.

**San Gabriel and Lower Los Angeles Rivers & Mountains Conservancy:** The San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy, also called the Rivers and Mountains Conservancy (RMC), is directed by its authorizing statute to preserve urban open space and habitats. To fulfill that mission, the RMC will undertake projects that provide low-impact recreation, education, wildlife and habitat restoration, and watershed improvements. The RMC was allocated \$40 million and \$20 million in Proposition 40 and 50 funds, respectively.

A total of \$31.5 million and \$4.5 million was appropriated from Proposition 40 and 50, respectively. The RMC awarded 67 Proposition 40 contracts averaging \$464,000 and one Proposition 50 contract for \$4.5 million. Contracts include a \$5 million Wrigley Heights acquisition project, a \$2.5 million Glendora land acquisition project, and a \$1.3 million Duck Farm acquisition project. All grants are expected to be completed by June 2006, with the exception of the Proposition 50 grant, which is expected to be completed by December 2006.

**Baldwin Hills Conservancy:** The Baldwin Hills Conservancy's (BHC) mission is to acquire open space and manage public lands within the Baldwin Hills area and to provide recreation, restoration, and protection of wildlife habitat for the public's enjoyment and education. BHC was allocated \$40 million from Proposition 40.

A total of \$22.3 million was appropriated. Project funds of \$200,000 (via an interagency reimbursement contract with the State Lands Commission) were disbursed for studies, appraisals, and evaluations of two potential future acquisitions, and for a development study associated with the implementation of habitat restoration and trail development of the Baldwin Hills and Ballona Creek area. Ten contracts have been awarded averaging \$399,000, with three of the contracts completed. The remaining contracts are expected to be completed by June 2007.

**CALFED Bay-Delta Authority:** The CALFED Bay-Delta Authority (BDA) was established by enactment of SB 1653 (Costa, 2002) to formally assume responsibility for overseeing implementation of the Bay-Delta Program. The program was created to develop a long-term comprehensive plan that will restore ecological health and improve water management for beneficial uses of the Bay-Delta System. Proposition 50 allocated \$825 million for surface water storage, water conveyance facilities, Delta Levee restoration, water supply reliability projects, ecosystem restoration, watershed programs, water conservation, and recycling.

A total of \$86.7 million was appropriated via the DWR from an unspecified \$825 million allocation available for the CALFED program. The BDA awarded 58 contracts averaging \$97,000, of which 48 are administered by DOC under a reimbursement agreement. Three of the contracts have been completed, with the remaining contracts to be completed by July 2006.

**Department of Water Resources:** The Department of Water Resources (DWR) manages California's water resources in cooperation with other agencies to benefit the state's citizens, and to protect, restore, and enhance natural and human environments. The DWR was allocated \$370 million from Proposition 50 to award grants for contaminant and salt removal technologies, and for canal lining projects related to the Colorado River. The DWR will also administer funds for water management projects, such as groundwater recharge, water conservation, storm water management, and water quality improvement.

A total of \$354 million was appropriated, including \$233.9 million from the unspecified Proposition 50 allocation for the implementation of the CALFED Bay-Delta Program. The DWR awarded 225 contracts averaging \$562,000 per contract. Contracts include \$9.6 million for the Coachella Canal Lining Project, \$9.6 million for the All American Canal Lining Project, and \$8.6 million for the Kern County Water Agency. As of June 30, 2004, 73 contracts had been completed, and the remaining contracts will be completed between 2005 and 2009.

**Resources Agency:** The California Resources Agency (RA) is an integral part of the Governor's cabinet. The RA oversees a wide variety of departments, boards, and commissions, including all of those listed above, and is also the lead agency for the state's Proposition 12, 40,

and 50 programs. Although the individual departments manage most programs, the RA directly manages a few. These programs include the acquisition, restoration, protection, and development of river parkways; and funding grants to local public agencies, local water districts, and nonprofit organizations for the acquisition of land and water resources to protect water quality in lakes, reservoirs, rivers, streams and wetlands in the Sierra Nevada-Cascade Mountain Region. The Resources Agency has been allocated \$45.9 million from Proposition 12, \$75 million from Proposition 40, and \$130 million from Proposition 50 to accomplish its missions.

A total of \$44 million was appropriated under Proposition 12, \$64 million under Proposition 40, and \$1.6 million under Proposition 50. Project funds are disbursed in the form of grants to local agencies. The RA awarded 68 contracts: 47 contracts averaging \$907,000 from Proposition 12, and 21 contracts averaging \$1.2 million from Proposition 40. Contracts include \$5.9 million for the River Tidal Lands Acquisition in Los Angeles County. Twelve projects have been completed: eleven under Proposition 12 and one under Proposition 40. The remaining Proposition 12 and 40 contracts are scheduled for completion by June 2007 and May 2007, respectively. As of June 30, 2004, no Proposition 50 contracts had been awarded.

**Department of Health Services:** The Department of Health Services' (DHS) Drinking Water Program provides grants and loans to local communities for infrastructure improvements, water contamination removal and treatment, and protection of drinking water systems from deliberate acts of destruction. The DHS was allocated \$485 million in Proposition 50 funds for these efforts.

A total of \$117 million was appropriated. As of June 30, 2004, no contracts had been awarded or loans made.

**California Integrated Waste Management Board:** The California Integrated Waste Management Board's (CIWMB) Proposition 12 program includes grants to local agencies to assist them in meeting state and federal accessibility standards at public playgrounds. The local agency guarantees that 50 percent of the grant will be used for the improvement or replacement of playground equipment or facilities through the use of recycled materials. Proposition 12 provides \$7 million for this program.

A total of \$5.9 million was appropriated, from which the CIWMB awarded 113 contracts averaging \$48,000. All contracts have been completed.

**State Water Resources Control Board:** The State Water Resources Control Board (SWRCB) has a primary mission of preserving, enhancing, and restoring the quality of California's water resources and to ensure their proper allocation and efficient use for the benefit of present and future generations. A specific SWRCB allocation was not identified in the Proposition 40 bond act. However, \$175.1 million from the unspecified allocation went to the SWRCB to protect beaches, coastal waters, rivers, lakes, and streams from contaminants, pollution, and other environmental threats. The SWRCB was also allocated \$450 million in Proposition 50 funds to continue these programs.

A total of \$175.1 million and \$199.7 million was appropriated under Propositions 40 and 50, respectively. The SWRCB awarded 16 contracts: 7 contracts averaging \$1.9 million from Proposition 40, and 9 contracts averaging \$2.7 million from Proposition 50. Contracts include a \$5 million grant to Inland Empire Utilities for water pump construction and a \$4 million grant to

the City of Dana Point for construction of the Salt Creek Storm Drain. All Proposition 40 and 50 contracts are due to be completed by April 2007 and March 2008, respectively.

**Air Resources Board:** The Air Resources Board (ARB) works with the public, the business sector, and local governments to protect the public's health, the economy, and the state's ecological resources. The ARB seeks to achieve these goals through the cost-effective reduction of air pollution. The ARB was allocated \$50 million from Proposition 40 for grants to air districts that reduce air pollution in state and local parks and recreation areas.

A total of \$48 million has been appropriated. The ARB awarded 60 Carl Moyer Program Grants totaling \$38 million, and 9 Lower-Emission School Bus Program grants totaling \$10 million, averaging \$696,000 per grant. Expected completion dates ranged from September 2004 to June 2006.

### **Proposition 40 allocation made to an unspecified State department**

An unspecified \$300 million allocation was designated for the purposes of protecting beaches, coastal waters, rivers, lakes, and streams from contaminants, pollution, and other environmental threats. As of June 30, 2004, appropriations had been made to the State Coastal Conservancy (\$50.4 million), Department of Fish and Game (\$16 million), State Water Resources Control Board (\$175.1 million), and Department of Forestry and Fire Protection (\$2 million).

An unspecified \$267.5 million allocation was designated for the acquisition, development, preservation, and interpretation of buildings, structures, sites, places, and artifacts that preserve and demonstrate culturally significant aspects of California's history. As of June 30, 2004, appropriations had been made to the California State Library (\$128.4 million) and the Department of Parks and Recreation (\$126.7 million).

An unspecified \$75 million allocation was designated for grants that preserve agricultural lands and grazing lands, including oak woodlands and grasslands. As of June 30, 2004, appropriations had been made to the Department of Conservation (\$10 million) and the Wildlife Conservation Board (\$24 million).

### **Proposition 50 allocation made to an unspecified State department**

An unspecified \$825 million allocation was designated for implementation of the CALFED Bay-Delta Program. As of June 30, 2004, a total of \$396.2 million has been appropriated to five departments: Department of Water Resources (\$233.9 million), California Bay Delta Authority (\$86.7 million), State Water Resources Control Board (\$73.4 million), Department of Fish and Game (\$2 million), and Department of Forestry and Fire Protection (\$240,000).

## **Proposition 13**

*(The Department of Water Resources and other departmental websites provided some of the following program information.)*

### **Safe Drinking Water Program—Department of Health Services**

The act provides \$70 million to the Safe Drinking Water State Revolving Fund (Fund 0629), for safe drinking water grants and low-interest loans (\$68 million), and technical assistance to

disadvantaged communities (\$2 million). The Department of Health Services (DHS) administers this program.

A total of \$70 million was appropriated. The DHS awarded 33 contracts/loans, averaging \$1.4 million per contract/loan. The City of Santa Barbara received \$8.4 million for improvements and upgrades to the Cater Water Treatment Plant, and the City of Los Angeles received \$4.5 million to construct trunk lines, storage tanks, and a filtration plant. In addition, the Contra Costa Water District received \$15.1 million to refinance its existing loan. Twenty-four projects have been completed, and the remaining contracts have estimated completion dates of September 2004 to May 2006. Estimated completion dates for contracts/loans range from January 2023 through January 2027.

### **Floodplain Mapping/Agriculture and Open Space Mapping Programs—Department of Water Resources and Department of Conservation**

The act provides \$2.5 million to the Floodplain Mapping Subaccount (6003), for floodplain mapping, land use planning, and mitigation of flood risks and damages. The Department of Water Resources (DWR) administers this program.

A total of \$2.4 million was appropriated to DWR. The DWR awarded two contracts: \$1.2 million to the URS Group and \$180,000 for the Natural Resources Conservation Program. No contracts have been completed. The estimated completion dates range from June 2005 through December 2005.

The act also provides \$2.5 million to the Agriculture and Open Space Mapping Subaccount (6004), for farmland mapping, open space programs, and protection of agricultural resources. The Department of Conservation (DOC) administers this program.

A total of \$1.9 million was appropriated. Of this amount, \$1.1 million was provided to the USDA Natural Resources Conservation Service under a memorandum of understanding, to complete soil mapping in Butte County and publish soil surveys. The estimated completion date is June 2005. The DOC will use the remaining funds to add new soils information to the Farmland Mapping Program and initiate mapping of long-term agricultural easements.

### **Flood Protection Corridor Program—Department of Water Resources**

The act provides \$70 million to the Flood Protection Corridor Subaccount (6005), for direct expenditure projects and competitive grants to local agencies and nonprofit organizations to establish and manage flood protection corridors, acquire easements, preserve agricultural land, and protect wildlife habitats.

A total of \$68 million was appropriated. The DWR awarded 21 contracts, averaging \$3 million, including \$17.6 million to The Nature Conservancy for the Staten Island acquisition, \$5.2 million to Lake County for acquisition and relocation of flood-prone homes and wildlife habitat restoration, and \$5 million to the Wildlife Conservation Board (WCB) for the Mystic Lake acquisition. Three projects have been completed, and the remaining projects are expected to be completed by May 2007.

### **Delta Levee Rehabilitation Program—Department of Water Resources**

The act provides \$30 million to the Delta Levee Rehabilitation Subaccount (0409), for local assistance subventions and special flood protection projects on specified Delta islands.

A total of \$30.7 million has been appropriated. On behalf of the Reclamation Board, DWR awarded 66 Delta Levees Subventions contracts, averaging \$76,000 per contract. All 66 contracts have been completed. The DWR also awarded 67 other contracts, averaging \$348,000 per contract. Nineteen of these other contracts have been completed. The remaining contracts have estimated completion dates from June 2004 to July 2005.

### **Flood Control Subventions Program—Department of Water Resources**

The act provides \$45 million to the Flood Control Subventions Subaccount (6006), to pay the state's share of nonfederal subvention costs on authorized county flood control projects.

A total of \$42.8 million was appropriated. The DWR awarded 10 contracts, averaging \$3.9 million per contract, including \$11 million for the Santa Ana River Mainstem project and \$5 million for the Napa River project. Eight contracts have been completed, and the remaining two contracts are expected to be completed by June 2005.

### **Urban Stream Restoration Program—Department of Water Resources**

The act provides \$25 million to the Urban Stream Restoration Subaccount (6007), for grants to local agencies and community conservation corps for stream clearance, flood mitigation, clean-up, and other activities to restore the natural value of streams and prevent flood damage.

A total of \$23.8 million was appropriated. The DWR awarded 63 contracts, averaging \$351,000 per contract. Contracts include \$1 million for the Santa Rosa Creek project and \$997,000 for the Napa River project. Twenty-three grant projects have been completed as of June 30, 2004. The remaining grant projects will be completed by June 2007.

### **Capital Area Flood Protection Program—Department of Water Resources**

The act provides \$20 million to the State Capital Area Flood Protection Subaccount (6008), for use by the Sacramento Area Flood Control Agency (SAFCA), to pay the state's share of costs for flood management projects authorized by the federal government.

A total of \$20 million was appropriated in 2000 for the state's share of costs. DWR awarded five contracts, averaging \$1.8 million per contract. Contracts included \$9.9 million for the American River Flood Control Project (Phase 1), \$2.1 million for the Folsom Dam Modification Project, and \$2.8 million to reimburse SAFCA for the state's share of the American River Natomas Project. One project has been completed. The estimated completion dates for the remaining projects range from October 2009 through December 2013.

### **San Lorenzo River Flood Control Program—Department of Water Resources**

The act provides \$2 million to the San Lorenzo River Flood Control Subaccount (6009), for use by the City of Santa Cruz to pay the state's share of the San Lorenzo River flood management project.

A total of \$1.9 million was appropriated. The DWR awarded one contract for the full amount of \$1.9 million for the San Lorenzo River project in Santa Cruz. The project started during 2000 and has been completed.

#### **Yuba Feather Flood Protection Program—Department of Water Resources, State Reclamation Board, and Department of Fish and Game**

The act provides \$90 million to the Yuba Feather Flood Protection Subaccount (6010), to be used as follows:

- \$70 million will be used by the DWR to implement flood management projects.

A total of \$25 million was appropriated. The DWR awarded 10 grant contracts, averaging \$1 million. These contracts will be completed by June 2006.

- \$20 million was allocated to the Department of Fish and Game (DFG), which may be used to determine if any flood control project undertaken pursuant to this article would result in a reduction of, or damage to, fish, wildlife, or riparian habitat; and to protect, improve, restore, create, or enhance fish, wildlife, and riparian habitat of a comparable type to that which was reduced or damaged.

As of June 30, 2004 no funds were appropriated.

#### **Arroyo Pasajero Program—Department of Water Resources**

The act provides \$5 million to the Arroyo Pasajero Subaccount (6011), to finance projects that improve flood protection for state Highway 269 north of Huron, or to improve flood control for the California Aqueduct around the Arroyo Pasajero crossing.

A total of \$1.3 million was appropriated. As of June 30, 2004, no contracts were awarded. The DWR anticipates expending funds in 2004-05.

#### **Watershed Program—State Water Resources Control Board**

The act provides \$90 million to the Watershed Protection Subaccount (6013), for grants to local agencies and nonprofit organizations to implement watershed plans, reduce flooding, control erosion, improve water quality, improve aquatic and terrestrial habitats, restore groundwater recharge, protect native vegetation and water flows, and to provide matching funds for federal grant programs.

A total of \$84.8 million was appropriated. The State Water Resources Control Board (SWRCB) awarded 84 contracts, averaging \$464,000 per contract. The Pajaro River Watershed Flood Prevention Authority received \$2 million for a watershed study, the Lake County Sanitation District received \$2 million for construction of the Northwest Regional Wastewater Treatment Plant, and the Redding Redevelopment Agency received \$5 million for the acquisition and renovation of Clover Creek. Six contracts have been completed, and the estimated completion dates for the remaining open contracts ranged from July 2004 to March 2007.

## **Water and Watershed Education Program—Department of Water Resources**

The act provides \$8 million to the Water and Watershed Education Subaccount (6014), to be used as follows:

- California State University (CSU), Fresno, will use \$3 million to establish the California Water Institute, formerly known as the San Joaquin Valley Water Institute.

During 2000-01, funds were appropriated to the DWR and disbursed via a \$2.9 million contract with CSU Fresno. The expected completion date is June 2006.

- The DWR will use \$2 million to develop the Delta Science Center.

The DWR encumbered \$1.9 million for the construction of the Delta Science Center. As of June 30, 2004, no funds had been expended. The DWR anticipates expending funds in 2004-05.

- The University of California (UC) will use \$3 million for a Watershed Science Laboratory.

During 2002-03, a total of \$3 million was appropriated. As of June 30, 2004, the UC has incurred expenditures for the planning and design phase only. The expected completion date was February 2005.

## **River Protection Program—Resources Agency, Department of Water Resources, State Coastal Conservancy, Department of Parks and Recreation, Santa Monica Mountains Conservancy, and Wildlife Conservation Board**

The act provides \$95 million to the River Parkway Subaccount (6015), for the acquisition and restoration of riparian habitat, aquatic habitat, and other lands in close proximity to rivers and streams, and for river and stream trail projects. The Resources Agency will administer most of these funds; however, the DWR is responsible for distributing the San Joaquin River Conservancy's \$10 million for the San Joaquin River Parkway project.

A total of \$36.5 million was appropriated to the Resources Agency (RA). The RA awarded 17 contracts to federal and local agencies, and nonprofit organizations, averaging \$1.5 million per contract. The U.S. Fish and Wildlife Service received \$5 million for the Mapes Ranch acquisition, and the Mountains Recreation and Conservation Authority (MRCA) received \$5.9 million for the acquisition of the Mulholland Gateway Park and \$3 million for a 238-acre property in the City of Glendale. Sixteen contracts have been completed. The remaining contracts are estimated to be completed by February 2006.

The DWR was appropriated \$17.8 million. The DWR awarded six contracts to local agencies and nonprofit organizations, averaging \$3 million per contract, including \$2.5 million for the Kern River Parkway Project, \$5 million for the Hamilton City area land acquisition, and \$10 million for the San Joaquin River Parkway. The San Joaquin River Parkway agreement was extended to June 30, 2005. Contracts are estimated to be completed by March 2009.



The State Coastal Conservancy (SCC) was appropriated \$21.5 million. The funds will be used for land acquisition and habitat restoration grants to local agencies and nonprofit organizations. The SCC awarded 21 contracts, averaging \$986,000 per contract. The Nature Conservancy received \$4.8 million for the Santa Clara River Parkway Camp and \$4.7 million for the Otay River Parkway acquisitions. Sixteen contracts have been completed. The remaining contracts are estimated to be completed by June 2006.

The Department of Parks and Recreation (DPR) was appropriated \$1.5 million. The DPR awarded two contracts: \$500,000 for the American River Parkway and \$1 million for the Guadalupe Parkway. One contract has been completed. The remaining contract is estimated to be completed by June 2005.

The Santa Monica Mountains Conservancy (SMMC) was appropriated \$5 million. The SMMC contracted with the MRCA for \$5 million to purchase the Elysian Valley-Marsh Street property. Estimated completion date is June 2005.

The Wildlife Conservation Board (WCB) was appropriated \$14 million for wildlife land and easement acquisition grants to government entities and nonprofit organizations. The WCB awarded eight contracts, averaging \$1.7 million per project. The County of San Diego received \$6.1 million for the acquisition of the Santa Ysabel East and West properties, and the San Dieguito River Park Joint Powers Authority received \$4.9 million for various acquisitions in the river valley corridor. Seven contracts have been completed. The remaining project is scheduled for completion by May 2005.

#### **Southern California Integrated Watershed Program—State Water Resources Control Board**

The act provides \$235 million to the Santa Ana River Watershed Subaccount (6016), to rehabilitate and improve the Santa Ana River watershed.

A total of \$225.3 million was appropriated. The SWRCB awarded 23 contracts to the Santa Ana Watershed Project Authority (SAWPA), averaging \$9.7 million per contract. Twenty-two of the aforementioned contracts were re-awarded by SAWPA to various other entities. Major projects include \$20 million for the Arundo Removal Program, \$37 million for the Orange County Water District Groundwater Replenishment System, \$14 million for the San Bernardino Valley Municipal Water District's Baseline Feeder Project, and \$48 million for the Chino Basin Desalter Authority. Three contracts have been completed, with the remaining twenty contracts to be completed by May 2005.

#### **Lake Elsinore and San Jacinto Watershed Program—State Water Resources Control Board**

The act provides \$15 million to the Lake Elsinore and San Jacinto Watershed Subaccount (6017), to fund rehabilitation and water quality projects in the Lake Elsinore and San Jacinto Watersheds.

A total of \$14.8 million was appropriated. The SWRCB awarded four contracts, averaging \$3.6 million, to the Lake Elsinore and San Jacinto Watershed Authority. Projects are scheduled for completion by March 2006.

### **Coastal Watershed Salmon Habitat Program—Department of Fish and Game**

The act provides \$25 million to the Coastal Watershed Salmon Habitat Subaccount (6018), for direct expenditure and grants to protect, restore, acquire, and enhance salmon habitats.

A total of \$24.8 million was appropriated. The DFG awarded 87 contracts, averaging \$261,000 per contract, excluding \$12.5 million received by Save-the-Redwoods League for the Mill Creek acquisition. Sixty-three contracts are complete with the remaining contracts due for completion by March 2006.

### **Nonpoint Source Pollution Control Program—State Water Resources Control Board**

The act provides \$100 million to the Nonpoint Source Pollution Control Subaccount (6019), for grants and low interest loans that protect the beneficial use of water throughout the state, through the control of nonpoint source pollution.

A total of \$94.4 million was appropriated. The SWRCB awarded 62 contracts, averaging \$646,000 per contract. Cathedral City received \$2.8 million for the cove area septic system, the Mission Springs Water District received \$2.2 million for the Groundwater Quality Protection Plan, and the Los Osos Community Services District received \$2 million for the acquisition of land for a wastewater disposal and habitat mitigation project. Eight projects have been completed, and the remaining projects are due to be completed by March 2007.

### **Clean Water Program—State Water Resources Control Board**

The Clean Water Program is funded from three subaccounts, as follows:

- The act provides and continuously appropriates \$30.5 million to the State Revolving Fund Loan Subaccount (6020), for loans pursuant to the Clean Water Act, of which \$7 million is for the Department of Toxic Substances Control (DTSC) to implement local groundwater remediation projects.

The State Revolving Fund Loan Subaccount is funded by various sources, and except as noted, no one contract is attributable solely to Proposition 13 funds. There was one \$81,000 interagency agreement between the SWRCB and the DTSC for the above-mentioned groundwater project that was attributable to Proposition 13 funds, as well as one loan of \$6.4 million to the San Gabriel Basin Water Quality Authority to develop a new groundwater treatment facility. The groundwater remediation project was due for completion in December 2004, and the treatment facility is estimated to be completed by August 2024.

- The act provides and continuously appropriates \$34 million to the Small Communities Grant Subaccount (0418), for water treatment construction grants to small communities.

The SWRCB awarded 48 contracts, averaging \$674,000 per contract. Twenty-six projects have been completed. The expected completion date of the remaining contracts was November 2004.

- The act provides \$35.5 million to the Wastewater Construction Grant Subaccount (6021), for water treatment construction grants to specified cities.

A total of \$49.1 million was appropriated. The SWRCB awarded five contracts averaging \$4.1 million, including \$9.7 million to the City of Stockton, \$1.3 million and \$3.5 million to the City of Orange Cove, and \$3.3 million to the City of Manteca. One contract has been completed. The remaining contracts are expected to be completed by June 2005.

### **Water Recycling Program—State Water Resources Control Board**

The act provides \$40 million to the Water Recycling Subaccount (0419), for water recycling loans and grants to local agencies.

A total of \$45.9 million was appropriated. The SWRCB awarded 56 contracts, averaging \$640,000 per contract. Contracts include \$5 million each to the Carlsbad Municipal Water District, City of Redlands, and the Orange County Water District; and 27 \$75,000 study grants. Eleven projects have been completed, with the remaining projects to be completed by March 2006.

### **Coastal Nonpoint Source Control Program—State Water Resources Control Board**

The act provides \$90 million to the Coastal Nonpoint Source Control Subaccount (6022), for projects that protect the water quality and environment of coastal waters, estuaries, bays, and groundwater resources. Funds are disbursed in the form of grants and loans.

A total of \$85.1 million was appropriated. The SWRCB awarded 109 contracts, averaging \$643,000 per contract. Three projects have been completed, with the remaining projects scheduled for completion by March 2007.

### **Seawater Intrusion Control—State Water Resources Control Board**

The act provides and continuously appropriates \$25 million to the Seawater Intrusion Control Subaccount (0424), for local agency grants and loans to carry out seawater intrusion control projects.

The SWRCB awarded two contracts to the Pajaro Valley Water Management Agency for \$11.7 million and \$6.4 million. The projects are to be completed by June 2005.

### **Water Conservation Programs—Department of Water Resources**

The act provides \$155 million to the Water Conservation Account (6023), for the following uses:

- *Agricultural Water Conservation Program*—\$35 million for loans to local agencies for the acquisition and construction of agricultural water conservation projects, and for financing feasibility studies.
- *Groundwater Recharge Facilities Program*—\$30 million for grants and loans to fund projects in over-drafted groundwater basins, projects of critical need, projects with demonstrated feasibility, and projects in areas with groundwater management plans.

- *Infrastructure Rehabilitation Program*—\$60 million for grants to local agencies in economically disadvantaged areas, with service connections that exceed 200 but are not greater than 16,000.
- *Urban Water Conservation Program*—\$30 million for grants and loans to local agencies for urban water conservation projects.

A total of \$156.1 million was appropriated. The DWR funded 145 contracts averaging \$633,000. Twenty-seven contracts are completed. The estimated completion dates for the remaining contracts range from 2004-05 through 2009-10.

### **Groundwater Storage Program—Department of Water Resources**

The act provides \$200 million to the Conjunctive Use Subaccount (6025), for grants to local agencies for feasibility studies, project design, and construction of facilities for conjunctive use projects.

A total of \$183.2 million was appropriated. The DWR awarded 41 contracts, averaging \$2.6 million per contract. The estimated completion dates range from 2004-05 through 2009-10.

### **Bay-Delta Multipurpose Water Management Program—Department of Water Resources**

The act provides \$250 million to the Bay-Delta Multipurpose Water Management Subaccount (6026), to fund certain projects identified in the CALFED final environmental impact statement/environmental impact report on the Bay-Delta Program.

A total of \$91.7 million was appropriated. The DWR awarded 25 contracts, averaging \$1.9 million. The expected completion dates ranged from December 2004 to January 2014.

### **Interim Water Reliable Supply and Water Quality Infrastructure and Management Program—Department of Water Resources**

The act provides \$180 million to the Interim Water Reliable Supply and Water Quality Infrastructure and Management Subaccount (6027), to fund grants and loans to local agencies located in the Delta export service areas, for programs or projects that can be completed not later than March 8, 2009. This program is aimed at avoiding urgent water supply and water quality problems in the interim, before the CALFED program is finalized and implemented.

A total of \$172 million was appropriated. The DWR awarded 15 contracts, averaging \$10.6 million per contract. Three of the contracts have been completed. The remaining contracts have an estimated completion date of March 2009.

## REVIEW OF BOND EXPENDITURES

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The information presented on the accompanying schedules was prepared from the accounts and financial transactions of the participating state departments, and in accordance with the modified accrual basis of accounting. This method follows the statutory accounting guidelines prescribed by the State of California, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this method, revenues are recorded when they become measurable and available, and expenditures are recorded at the time the corresponding liability is incurred. We audited the actual financial information for accuracy, reasonableness, classification, and presentation; and found no material errors, exceptions, or misstatements. The information presented is for the period July 1, 2000 to June 30, 2004.

Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000 (Proposition 12)  
Schedule of Allocations, Appropriations, Expenditures, and Encumbrances by Agency  
For the period July 1, 2000 to June 30, 2004

Agency	Bond Act Section	Remaining Amount Available for Program Expenses <sup>1</sup> A	Appropriation B	Expenditures <sup>2</sup> and Encumbrances C	Reversions <sup>3</sup> D	Appropriation Balance E=B-(C+D)	Reappropriations <sup>4</sup> F	Unappropriated Balance G=A-B+D-F	Number of Projects <sup>5,6</sup>
	5096.310								
Department of Parks and Recreation	a - i, l, y	\$1,267,761,000 <sup>7</sup>	\$1,296,423,134 <sup>7</sup>	\$1,169,571,947 <sup>7</sup>	\$30,710,462	\$96,140,725	\$183,902	\$1,864,426	2,646
California Conservation Corps	k, s	14,056,000	13,585,608	10,915,284	2,206,340	463,984		2,676,732	158
Wildlife Conservation Board	m	257,748,000	255,307,680	239,450,164 <sup>8</sup>	251,978	15,605,538		2,692,298	126
California Tahoe Conservancy	n	48,124,000	48,124,489	36,090,380	64,168	11,969,941		63,679	99
State Coastal Conservancy	o, w	241,509,000	241,509,237	174,987,700 <sup>9</sup>	0	66,521,537		(237)	491
Santa Monica Mountains Conservancy	p	33,978,000	33,978,000	31,313,605	0	2,664,395		0	64
Coachella Valley Mountains Conservancy	q	4,854,000	4,854,000	4,168,472	0	685,528		0	21
San Joaquin River Conservancy	r	14,562,000	14,562,000	11,579,330	0	2,982,670		0	12
Department of Conservation	t	24,223,000	23,626,656	17,455,661	651,579	5,519,416		1,247,923	40
Department of Forestry and Fire Protection	u	9,007,000	7,050,417	4,616,863	1,893,478	540,076		3,850,061	162
Department of Fish and Game	v	11,634,000	7,088,617	5,368,465	1,039,201	680,951		5,584,584	102
California Integrated Waste Management Board	x	5,936,000	5,920,218	5,425,087	404,205	90,926		419,987	113
Resources Agency	z	44,015,000 <sup>7</sup>	44,015,652 <sup>7</sup>	42,629,822 <sup>7</sup>	103,796	1,282,034		103,144	47
Totals		\$1,977,407,000	\$1,996,045,708	\$1,753,572,780	\$37,325,207	\$205,147,721	\$183,902	\$18,502,597	4,081

1. The amounts shown are net of \$122,593,000 in unappropriated, estimated statewide costs and future year obligations over the life of the bond. This item includes estimated costs associated with bond issuance, interest payments, legal support, auditing, coordination of fiscal oversight including budgeting and accounting, and program delivery for the 13 departments receiving Proposition 12 funds. Funds have been set aside from the allocation of each bond act section to share in these costs. Statewide costs are distributed proportionately to each bond allocation, and will be included in the respective Department of Parks and Recreation and Resources Agency totals for appropriations, expenditures, and encumbrances. Program delivery costs are included in each department's support appropriations, expenditures, and encumbrances.

2. The amounts shown represent cumulative expenditures since program inception. Expenditures for fiscal year 2003-04 totaled \$252,434,382.

3. Includes items reverted in fiscal years 2002-03 and 2003-04.

4. Represents items that reverted in fiscal year 2003-04 but were subsequently reappropriated in 2004-05.

5. For allocations (f) and (a), certain grants are counted as a single project, pending further action by the grantee to identify additional projects.

6. Additional projects may be under review and/or negotiation for which expenditures/encumbrances have not yet occurred.

7. This item includes statewide costs. See Note 1 for details.

8. Amount includes \$5,000,000 transferred from Proposition 12 to the Oak Woodlands Conservation Fund per Chapter 588, Statutes of 2001.

9. Amount includes \$2,267,000 transferred from Proposition 12 to the State Coastal Conservancy Fund for support expenditures per Chapter 52, Statutes of 2000.

Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000 (Proposition 12)  
Schedule of Allocations, Appropriations, Expenditures, and Encumbrances by Bond Act Section  
For the period July 1, 2000 to June 30, 2004

Bond Act Section	Purpose	Remaining Amount Available for Program Expenses <sup>1</sup> A	Appropriation B	Expenditures <sup>2</sup> and Encumbrances C	Reversions <sup>3</sup> D	Appropriation Balance E=B-(C+D)	Reappropriations <sup>4</sup> F	Unappropriated Balance G=A-B+D-F	Number of Projects <sup>5,6</sup>
5096.310									
a	General state parks programs	\$446,981,000	\$459,085,134	\$356,825,196	\$17,082,680	\$85,177,258	\$183,902	\$4,794,644	153
b	Stewardship projects relating to state parks	9,976,000	10,018,000	8,632,683	456,268	929,049		414,268	222
c	Volunteer participation in state parks	3,716,000	4,031,000	3,287,223	731,798	11,979		416,798	97
d	Grants to local agencies administering units of state park system	19,072,000	19,072,000	18,237,400	0	834,600		0	36
e	Competitive grants to local agencies - historical resources	9,163,000	9,238,000	8,928,928	154,817	154,255		79,817	51
f	Per-capita grants for local parks	369,500,000	377,540,000	368,399,471	5,123,304	4,017,225		(2,916,696) <sup>10</sup>	1,210
g	Grants to local agencies pursuant to the Roberti-Z'berg Act	190,488,000	198,266,000	189,893,536	4,820,414	3,552,050		(2,957,586) <sup>10</sup>	610
h	Grants to local agencies for riparian habitat	9,521,000	9,535,000	9,494,388	15,771	24,841		1,771	35
i	Grants to local agencies for nonmotorized trails	9,525,000	9,539,000	9,495,388	16,771	26,841		2,771	30
j	Grants that benefit youth projects	95,218,000	95,357,000	94,850,828	159,707	346,465		20,707	107
k	Resource conservation projects	2,048,000	2,047,608	1,941,482	82,091	24,035		82,483	115
l	Grants for urban recreation and regional youth sports	82,365,000	82,485,000	81,802,560	139,116	543,324		19,116	91
m	Resource conservation projects	257,748,000	255,307,680	239,450,164 <sup>7</sup>	251,978	15,605,538		2,692,298	126
n	Lake Tahoe conservation programs	48,124,000	48,124,489	36,090,380	64,168	11,969,941		63,679	99
o	Acquisition and restoration of coastal lands	212,386,000	212,386,237	146,705,690 <sup>8</sup>	0	65,680,547		(237) <sup>10</sup>	358
p	Capital outlay and grants for SMMC and administration	33,978,000	33,978,000	31,313,605	0	2,664,395		0	64
q	Acquisition, development and protection of land	4,854,000	4,854,000	4,168,472	0	685,528		0	21
r	Acquisition, development and protection of land	14,562,000	14,562,000	11,579,330	0	2,982,670		0	12
s	Grants for local conservation corps	12,008,000	11,538,000	8,973,802	2,124,249	439,949		2,594,249	43
t	Grants for the Agricultural Land Stewardship Program	24,223,000	23,626,656	17,455,661	651,579	5,519,416		1,247,923	40
u	Grants for purchase and planting of trees	9,007,000	7,050,417	4,616,863	1,893,478	540,076		3,850,061	162
v	Development, restoration and preservation of habitat and wetlands	11,634,000	7,088,617	5,368,465	1,039,201	680,951		5,584,584	102
w	Projects relating to S.F. Bay Area conservation program	29,123,000	29,123,000	28,282,009 <sup>8</sup>	0	840,991		0	133
x	Grants to local agencies for public playgrounds	5,936,000	5,920,218	5,425,087	404,205	90,926		419,987	113
y	Rehabilitation or enhancement to a city park in Northern CA	14,279,000	14,300,000	14,241,583	22,656	35,761		1,656	4
z	River, watershed, parkway, and recreational projects	43,665,000	43,665,652	42,379,560	102,796	1,183,297		102,144	47
	Subtotals	1,969,100,000	1,987,738,708	1,747,839,754	35,337,047	204,561,907	183,902	16,514,437	4,081
	Appropriated DPR Statewide & Departmental Costs <sup>9</sup>	7,957,000	7,957,000	5,482,763	1,987,160	487,077		1,987,160	
	Appropriated RA Statewide Costs <sup>9</sup>	350,000	350,000	250,263	1,000	98,737		1,000	
	Totals	\$1,977,407,000	\$1,996,045,708	\$1,753,572,780	\$37,325,207	\$205,147,721	\$183,902	\$18,502,597	4,081

1. The amounts shown are net of \$122,593,000 in unappropriated, estimated statewide costs and future year obligations over the life of the bond. This item includes estimated costs associated with bond issuance, interest payments, legal support, auditing, coordination of fiscal oversight including budgeting and accounting, and program delivery for the 13 departments receiving Proposition 12 funds. Funds have been set aside from the allocation of each bond act section to share in these costs. Statewide costs are distributed proportionately to each bond allocation, and will be included in the respective Department of Parks and Recreation and Resources Agency totals for appropriations, expenditures, and encumbrances. Program delivery costs are included in each department's support appropriations, expenditures, and encumbrances.

2. The amounts shown represent cumulative expenditures since program inception. Expenditures for fiscal year 2003-04 totaled \$252,434,382

3. Includes items reverted in fiscal years 2002-03 and 2003-04.

4. Represents items that reverted in fiscal year 2003-04 but were subsequently reappropriated in 2004-05.

5. For allocations (f) and (g), certain grants are counted as a single project, pending further action by the grantee to identify additional projects.

6. Additional projects may be under review and/or negotiation for which expenditures/encumbrances have not yet occurred.

7. Amount includes \$5,000,000 transferred from Proposition 12 to the Oak Woodlands Conservation Fund per Chapter 588, Statutes of 2001.

8. Amount includes \$2,267,000 transferred from Proposition 12 to the State Coastal Conservancy Fund for support expenditures per Chapter 52, Statutes of 2000.

9. This item includes transactions related to the appropriated portion of the statewide costs described in Note 1. In addition to statewide costs, the DPR amount also includes costs for its specific bond programs, as follows: appropriations \$4,616,000; expenditures \$3,364,005; encumbrances \$79,282.

10. The overappropriations do not reflect the effects of subsequent reversions.

Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act (Proposition 13)  
Schedule of Allocations, Appropriations, Expenditures, and Encumbrances by Agency  
For the period July 1, 2000 to June 30, 2004

Agency	Bond Act Section	Remaining Amount Available for Program Expenses <sup>1</sup> A	Appropriation B	Expenditures <sup>2</sup> and Encumbrances C	Reversions <sup>3</sup> D	Appropriation Balance E=B-(C+D)	Reappropriations <sup>4</sup> F	Unappropriated Balance <sup>5</sup> G=A-B+D-F	Number of Projects <sup>6</sup>
Department of Water Resources	79045, 79033(a), 79035(a), 79055, 79060, 79065.2(a), 79067(a), 79068.2, 79069.6, 79090, 79100(a), 79152, 79172, 79194, 79205.4(a)	\$1,099,925,000	\$841,394,646	\$604,289,849	\$149,799,013	\$87,305,784	\$143,147,239	\$186,700,128 <sup>7</sup>	478
State Water Resources Control Board	79121(b), 79136, 79149.2(a), 79075, 79104.22(a), 79112, 79104.100(a), 79121(a), 79121(c), 79148.4	674,150,000	689,821,896	498,091,023 <sup>9</sup>	3,774,492	187,956,381		(11,897,404)	394
Department of Conservation	79033.2(a)	2,375,000	1,887,769	1,061,580	357,374	468,815		844,605	1
Resources Agency	79100(a)	<sup>7</sup>	36,482,000	25,222,947	7,982,779	3,276,274	7,982,779 <sup>8</sup>		17
Department of Parks and Recreation	79100(a)	<sup>7</sup>	1,500,000	1,500,000		0			2
Wildlife Conservation Board	79100(a)	<sup>7</sup>	14,000,000	13,970,710		29,290			8
State Coastal Conservancy	79100(a)	<sup>7</sup>	21,500,000	20,712,199		787,801			21
Santa Monica Mountains Conservancy	79100(a)	<sup>7</sup>	5,000,000	4,985,000		15,000			1
Department of Fish and Game	79104.200, 79068.14	43,650,000	24,760,714	22,685,321	38,679	2,036,714		18,927,965	87
University of California	79094	3,000,000	3,000,000	300,740	0	2,699,260		0	1
Department of Health Services	79021	66,500,000	70,000,000	47,176,037	0	22,823,963		(3,500,000)	33
Totals		<b>\$1,889,600,000</b>	<b>\$1,709,347,025</b>	<b>\$1,239,995,406</b>	<b>\$161,952,337</b>	<b>\$307,399,282</b>	<b>\$151,130,018</b>	<b>\$191,075,294</b>	<b>1,043</b>

1. The amounts shown are net of \$80,400,000 in estimated bond issuance and auditing costs over the life of the bond.  
2. The amounts shown represent cumulative expenditures since program inception. Expenditures for fiscal year 2003-04 totaled \$186,286,717.  
3. Includes items reverted in fiscal years 2002-03 and 2003-04.  
4. Represents items that reverted in fiscal year 2003-04 but were subsequently reappropriated in 2004-05.  
5. Departments may display negative unappropriated balances because funds were appropriated regardless of set aside amounts. Departments are internally monitoring the funds available for program expenses.  
6. Additional projects may be under review and/or negotiation for which expenditures/encumbrances have not yet occurred.  
7. Specific allocation amounts were not identified for these departments. The amounts are contained in DWR's allocation, and those departments' appropriations totaling \$78,482,000 are deducted from DWR's unappropriated balance.  
8. This amount includes \$4,146,930 that should have reverted June 30, 2003. The California Department of Forestry and Fire Protection (CDF), which performs the Resources Agency's accounting, is currently working to resolve the discrepancy and anticipates that the \$4.1 million will be reverted in fiscal year 2004-05.  
9. The amount includes Proposition 204 expenditures and encumbrances that will be adjusted in fiscal year 2004-05.



Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act (Proposition 13)  
Schedule of Allocations, Appropriations, Expenditures, and Encumbrances by Bond Act Section  
For the period July 1, 2000 to June 30, 2004

Bond Act Section	Fund Number	Fund Name	Remaining Amount Available for Program Expenses <sup>1</sup> A	Appropriation B	Expenditures <sup>2</sup> and Encumbrances C	Reversions <sup>3</sup> D	Appropriation Balance E=B-(C+D)	Reappropriations <sup>4</sup> F	Unappropriated Balance <sup>5</sup> G=A-B+D-F	Number of Projects <sup>6</sup>
79021	0629	Safe Drinking Water State Revolving Fund	\$66,500,000	\$70,000,000	\$47,176,038	\$0	\$22,823,962		(\$3,500,000)	33
79033(a)	6003	Floodplain Mapping Subaccount	2,375,000	2,375,000	2,119,063	251,883	4,054	\$251,883	0	2
79033.2(a)	6004	Agriculture and Open Space Mapping Subaccount	2,375,000	1,887,769	1,061,580	357,374	468,815		844,605	1
79035(a)	6005	Flood Protection Corridor Subaccount	66,500,000	67,989,132	64,396,179	3,121,873	471,080		1,632,741	21
79045	0409	Delta Levee Rehabilitation Subaccount	28,500,000	30,694,000	28,353,333	0	2,340,667		(2,194,000)	133
79055	6006	Flood Control Subventions Subaccount	42,750,000	42,750,000	39,008,280	0	3,741,720		0	10
79060	6007	Urban Stream Restoration Subaccount	23,750,000	23,769,191	22,119,078	2,940,161	(1,290,048)	2,679,486	241,484	63
79065.2(a)	6008	State Capital Protection Subaccount	20,000,000	20,000,000	8,938,139	0	11,061,861		0	5
79067(a)	6009	San Lorenzo River Flood Control Subaccount	1,900,000	1,900,000	1,900,000	0	0		0	1
79068.2	6010	Yuba Feather Flood Protection Subaccount	85,900,000	24,984,489	9,981,677	4,039,978	10,962,834	3,171,740	61,783,749	10
79069.6	6011	Arroyo Pasajero Watershed Subaccount	4,750,000	1,304,000	0	677,000	627,000		4,123,000	0
79075	6013	Watershed Protection Subaccount	87,300,000	84,794,455	38,977,475	123,912	45,693,068		2,629,457	84
79090	6014	Water and Watershed Education Subaccount	8,000,000	7,750,000	5,050,740	0	2,699,260		250,000	2
79100(a)	6015	River Protection Subaccount	92,150,000	96,312,644	84,176,878	7,982,779	4,152,987	7,982,779 <sup>7</sup>	(4,162,644)	55
79104.100(a)	6017	Lake Elsinore and San Jacinto Watershed Subaccount	14,550,000	14,789,114	14,253,951	67,283	467,880		(171,831)	4
79104.200	6018	Coastal Watershed Salmon Habitat Subaccount	24,250,000	24,760,714	22,685,321	38,679	2,036,714		(472,035)	87
79104.22(a)	6016	Santa Ana River Watershed Subaccount	227,950,000	225,310,320	223,917,601	1,019,667	373,052		3,659,347	23
79112	6019	Nonpoint Source Pollution Control Subaccount	97,000,000	94,442,053	40,028,731	183,376	54,229,946		2,741,323	62
79121(a)	6020	State Revolving Fund Loan Subaccount	29,585,000	30,581,000	13,621,062	81,016	16,878,922		(914,984)	1
79121(b)	0418	Small Communities Grant Subaccount	32,980,000	34,768,060	32,366,723 <sup>8</sup>	779,219	1,622,118		(1,008,841)	48
79121(c)	6021	Wastewater Construction Grant Subaccount	34,435,000	49,087,463	20,342,555	5,071	28,739,837		(14,647,392)	5
79136	0419	Water Recycling Subaccount	38,800,000	45,865,516	35,827,168 <sup>8</sup>	1,357,643	8,680,705		(5,707,873)	56
79148.4	6022	Coastal Nonpoint Source Control Subaccount	87,300,000	85,145,709	70,080,971	107,226	14,957,512		2,261,517	109
79149.2(a)	0424	Seawater Intrusion Control Subaccount	24,250,000	25,038,206	8,674,786	50,079	16,313,341		(738,127)	2
79152	6023	Water Conservation Account	147,250,000	156,129,904	91,855,817	28,250,236	36,023,851	27,414,822	(8,044,490)	145
79172	6025	Conjunctive Use Subaccount	190,000,000	183,205,877	106,185,136	89,725,904	(12,705,163)	89,704,563	6,815,464	41
79194	6026	Bay-Delta Multipurpose Water Management Subaccount	237,500,000	91,700,058	47,502,463	15,106,745	29,090,850	15,106,745	145,799,942	25
79205.4(a)	6027	Interim Water Supply and Water Quality Infrastructure and Management Subaccount	171,000,000	172,012,351	159,394,661	5,685,233	6,932,457	4,818,000	(145,118)	15
Totals			\$1,889,600,000	\$1,709,347,025	\$1,239,995,406	\$161,952,337	\$307,399,282	\$151,130,018	\$191,075,294	1,043

1. The amounts shown are net of \$80,400,000 in estimated bond issuance and auditing costs over the life of the bond.  
2. The amounts shown represent cumulative expenditures since program inception. Expenditures for fiscal year 2003-04 totaled \$186,286,717.  
3. Includes items reverted in fiscal years 2002-03 and 2003-04.  
4. Represents items that reverted in fiscal year 2003-04 but were subsequently reappropriated in 2004-05.  
5. Departments may display negative unappropriated balances because funds were appropriated regardless of set aside amounts. Departments are internally monitoring the funds available for program expenses.  
6. Additional projects may be under review and/or negotiation for which expenditures/encumbrances have not yet occurred.  
7. This amount includes \$4,146,930 that should have reverted June 30, 2003. The California Department of Forestry and Fire Protection (CDF), which performs the Resources Agency's accounting, is currently working to resolve the discrepancy and anticipates that the \$4.1 million will be reverted in fiscal year 2004-05.  
8. The amount includes Proposition 204 expenditures and encumbrances that will be adjusted in fiscal year 2004-05.

California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40)  
Schedule of Allocations, Appropriations, Expenditures, and Encumbrances by Agency  
For the Period July 1, 2002 to June 30, 2004

Agency	Bond Act Sec	Amount Available for Program Expenses <sup>1</sup> A	Appropriation B	Expenditures <sup>2</sup> and Encumbrances C	Appropriation Balance B-C	Unappropriated Balance A-B	Number of Projects <sup>3</sup>
	5096.610						
Department of Parks and Recreation	a, b/.620(a), b/.620(b), b/.620(c), b/.620(d), d/.652(a), d/.652(b)	\$1,079,560,000 <sup>4</sup>	\$964,310,000 <sup>4</sup>	\$577,624,887 <sup>4</sup>	\$386,685,113	\$115,250,000	1,470
Wildlife Conservation Board	c/.650(a), c/.650(f)	299,359,000 <sup>6</sup>	344,022,902 <sup>6</sup>	99,821,744	244,201,158	(44,663,902) <sup>6</sup>	38
State Coastal Conservancy	c/.650(b)(1), c/.650(c)(2), c/.650(b)(8)	271,513,000	239,913,424	105,592,818	134,320,606	31,599,576	201
California Tahoe Conservancy	c/.650(b)(2)	36,600,000	5,249,000	3,604,746	1,644,254	31,351,000	4
Santa Monica Mountains Conservancy	c/.650(b)(3)	37,023,000	24,422,768	21,802,096	2,620,672	12,600,232	52
Coachella Valley Mountains Conservancy	c/.650(b)(4)	18,982,000	16,111,000	9,069,928	7,041,072	2,871,000	12
San Joaquin River Conservancy (partially via WCB)	c/.650(b)(5)	23,662,000	11,117,000	0	11,117,000	12,545,000	0
San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy	c/.650(b)(6)	37,671,000	31,470,525	31,121,145	349,380	6,200,475	67
Baldwin Hills Conservancy	c/.650(b)(7)	38,160,000	22,312,000	3,993,936	18,318,064	15,848,000	10
Resources Agency	c/.650(c)(1)	71,844,000 <sup>4</sup>	63,993,899 <sup>4</sup>	25,776,408 <sup>4</sup>	38,217,491	7,850,101	21
Department of Fish and Game	c/.650(c)(2)	16,000,000	16,000,000	13,734,343	2,265,657	0	111
State Water Resources Control Board	c/.650(c)(2)	175,107,000	175,107,000	13,447,491	161,659,509	0	7
Department of Forestry and Fire Protection	c/.650(c)(2), c/.650(g)	11,150,000	2,000,000	1,829,420	170,580	9,150,000	136
State Air Resources Board	c/.650(d)	48,000,000	48,000,000	48,000,000	0	0	69
California Conservation Corps	c/.650(e)	9,299,000	9,298,887	9,091,750	207,137	113	68
California State Library	d.652(a)	128,400,000	128,400,000	277,415	128,122,585	0	0
Department of Conservation	c/.650(f)	10,000,000	10,000,000	0	10,000,000	0	0
Unspecified Allocation	c/.650(c)(2), c/.650(f), d/.652(a)	46,997,000 <sup>5</sup>		0	0	46,997,000	0
Totals		\$2,359,327,000	\$2,111,728,405	\$964,788,127	\$1,146,940,278	\$247,598,595	2,266

1. The amounts shown are net of \$240,673,000 in unappropriated, estimated statewide costs and future year obligations over the life of the bond. This item includes estimated costs associated with bond issuance, interest payments, public website, legal support, auditing, coordination of fiscal oversight including budgeting and accounting, and program delivery for the 17 departments receiving Proposition 40 funds. Funds have been set aside from the allocation of each bond act section to share in these costs. Statewide costs are distributed proportionately to each bond allocation, and will be included in the respective Department of Parks and Recreation and Resources Agency totals for appropriations, expenditures, and encumbrances. Program delivery costs are included in each department's support appropriations, expenditures, and encumbrances.

2. The amounts shown represent cumulative expenditures since program inception. Expenditures for fiscal year 2003-04 totaled \$242,480,327.

3. Additional projects may be under review and/or negotiation for which expenditures/encumbrances have not yet occurred.

4. This item includes statewide costs. See Note 1 for details.

5. This amount is the remaining unspecified allocation not appropriated as of June 30, 2004. The unspecified allocation consists of funds not designated to specific departments in the bond act. The Department of Parks and Recreation, Wildlife Conservation Board, State Coastal Conservancy, Department of Forestry and Fire Protection, State Water Resources Control Board, Department of Fish and Game, Department of Conservation and California State Library received appropriations from the unspecified allocation.

6. The bond act continuously appropriated the Wildlife Conservation Board's \$300 million allocation, while the budget act appropriated additional funds for estimated statewide costs and future obligations. The WCB is internally monitoring program expenditures and encumbrances to ensure that they do not exceed the \$300 million allocation.

California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40)  
Schedule of Allocations, Appropriations, Expenditures, and Encumbrances by Bond Act Section  
For the Period July 1, 2002 to June 30, 2004

Bond Act Section	Purpose	Remaining Amount Available for Program Expenses <sup>1</sup> A	Appropriation B	Expenditures <sup>2</sup> and Encumbrance C	Appropriation Balance B-C	Unappropriated Balance A-B	Number of Projects <sup>3</sup>
5096.610							
a	Acquisition and development of the state park system	\$169,219,000	\$132,382,000	\$54,175,877	\$78,206,123	\$36,837,000	307
b/.620(a)	Per-capita grants for the acquisition and development of local parks	328,821,000	328,821,000	264,691,997	64,129,003	0	680
b/.620(b)	Grants to local agencies pursuant to the Roberti-Z'berg-Harris Act	187,896,000	156,157,000	123,825,227	32,331,773	31,739,000	429
b/.620(c)	Specified per-capita grants to cities and counties	21,138,000	21,138,000	9,395,135	11,742,865	0	4
b/.620(d)	Murray Hayden grants	46,976,000	46,976,000	133,636	46,842,364	0	0
b/.620(d)	Specified urban grants	18,789,000	18,789,000	9,388,455	9,400,545	0	7
b/.620(d)	Youth Soccer program and State Urban Parks and Healthy Communities Act	46,970,000	296,000	133,636	162,364	46,674,000	0
b/.620(d)	Urban Parks Act of 2001	131,528,000	131,528,000	374,180	131,153,820	0	0
c/.650(a)	Acquisition and protection (Wildlife Conservation Board)	275,359,000 <sup>5</sup>	320,022,902 <sup>5</sup>	97,352,808	222,670,094	(44,663,902) <sup>5</sup>	37
c/.650(b)(1)	Acquisition and protection (State Coastal Conservancy)	184,513,000	163,513,424	80,541,247	82,972,177	20,999,576	118
c/.650(b)(2)	Acquisition and protection (California Tahoe Conservancy)	36,600,000	5,249,000	3,604,746	1,644,254	31,351,000	4
c/.650(b)(3)	Acquisition and protection (Santa Monica Mountains Conservancy)	37,023,000	24,422,768	21,802,096	2,620,672	12,600,232	52
c/.650(b)(4)	Acquisition and protection (Coachella Valley Mountains Conservancy)	18,982,000	16,111,000	9,069,928	7,041,072	2,871,000	12
c/.650(b)(5)	Acquisition and protection (San Joaquin River Conservancy partially via WCB)	23,662,000	11,117,000	0	11,117,000	12,545,000	0
c/.650(b)(6)	Acquisition and protection (San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy)	37,671,000	31,470,525	31,121,145	349,380	6,200,475	67
c/.650(b)(7)	Acquisition and protection (Baldwin Hills Conservancy)	38,160,000	22,312,000	3,993,936	18,318,064	15,848,000	10
c/.650(b)(8)	Acquisition and protection (San Francisco Bay Area Conservancy Program via SCC)	36,600,000	26,000,000	10,854,071	15,145,929	10,600,000	75
c/.650(c)(1)	Acquisition and development of river parkways and protection of urban streams	69,635,000	61,784,899	24,719,675	37,065,224	7,850,101	21
c/.650(c)(2)	Clean beaches, watershed protection, and water quality projects	279,319,000	243,507,000	43,208,754	200,298,246	35,812,000	262
c/.650(d)	Grants to air districts for projects that reduce air pollution	48,000,000	48,000,000	48,000,000	0	0	69
c/.650(e)	Acquisition, development, and restoration of land and water resources	9,299,000	9,298,887	9,091,750	207,137	113	68
c/.650(f)	Grants for the preservation of agricultural and grazing lands	43,377,000	34,000,000	2,468,936	31,531,064	9,377,000	1
c/.650(g)	Grants for urban forestry programs	9,150,000	0	0	0	9,150,000	0
d/.652(a)	Acquisition, development, and preservation of historical and cultural resources	221,719,000	219,911,000	82,453,531	137,457,469	1,808,000	40
d/.652(b), d/.652(c)	City park in Northern CA and cultural center in Los Angeles County	35,233,000	35,233,000	32,773,226	2,459,774	0	3
	Subtotals	2,355,639,000	2,108,040,405	963,173,992	1,144,866,413	247,598,595	2266
	Appropriated DPR Statewide Costs <sup>4</sup>	1,479,000	1,479,000	557,402	921,598	0	
	Appropriated RA Statewide Costs <sup>4</sup>	2,209,000	2,209,000	1,056,733	1,152,267	0	
Totals		\$2,359,327,000	\$2,111,728,405	\$964,788,127	\$1,146,940,278	\$247,598,595	2,266

1. The amounts shown are net of \$240,673,000 in unappropriated, estimated statewide costs and future year obligations over the life of the bond. This item includes estimated costs associated with bond issuance, interest payments, public website, legal support, auditing, coordination of fiscal oversight including budgeting and accounting, and program delivery for the 17 departments receiving Proposition 40 funds. Funds have been set aside from the allocation of each bond act section to share in these costs. Statewide costs are distributed proportionately to each bond allocation, and will be included in the respective Department of Parks and Recreation and Resources Agency totals for appropriations, expenditures, and encumbrances. Program delivery costs are included in each department's support appropriations, expenditures, and encumbrances.

2. The amounts shown represent cumulative expenditures since program inception. Expenditures for fiscal year 2003-04 totaled \$242,480,327.

3. Additional projects may be under review and/or negotiation for which expenditures/encumbrances have not yet occurred.

4. This item includes transactions related to the appropriated portion of the statewide costs described in Note 1.

5. The bond act continuously appropriated the Wildlife Conservation Board's \$300 million allocation, while the budget act appropriated additional funds for estimated statewide costs and future obligations. The WCB is internally monitoring program expenditures and encumbrances to ensure that they do not exceed the \$300 million allocation.

Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Proposition 50)  
Schedule of Allocations, Appropriations, Expenditures, and Encumbrances by Agency  
For the period July 1, 2002 to June 30, 2004

Agency	Bond Act Section	Remaining Amount Available for Program Expenses <sup>1</sup> A	Appropriation B	Expenditures <sup>2</sup> , Encumbrances, and Reserve for Commitments <sup>3</sup> C	Appropriation Balance B-C	Unappropriated Balance A-B	Number of Projects <sup>4</sup>
Department of Health Services	79520, 79530	\$459,605,000	\$117,189,120 <sup>9</sup>	\$21,197,078 <sup>9</sup>	\$95,992,042	\$342,415,880	0
Department of Water Resources	79545, 79550, 79560, 79567	577,559,436	354,242,847 <sup>5</sup>	133,338,440	220,904,407	223,316,589	225
State Water Resources Control Board	79540, 79543, 79550, 79560	483,619,000	199,600,261 <sup>5</sup>	24,572,437	175,027,824	284,018,739	9
Resources Agency	79541, 79544	122,055,000	1,605,000 <sup>10</sup>	885,728 <sup>10</sup>	719,272	120,450,000	0
California Tahoe Conservancy	79542	36,600,000	0	0	0	36,600,000	0
Department of Forestry and Fire Protection	79550	240,000	240,000 <sup>5</sup>	196,190	43,810	0	2
Department of Fish and Game	79550	2,038,642	2,038,642 <sup>5</sup>	1,544,032	494,610	0	0
State Coastal Conservancy	79570	131,250,000	33,945,293 <sup>8</sup>	18,585,805 <sup>8</sup>	15,359,488	97,304,707	21
Wildlife Conservation Board	79565, 79568, 79572	895,594,000	962,184,217 <sup>7, 8</sup>	485,040,301 <sup>8</sup>	477,143,916	(66,590,217) <sup>7</sup>	32
Santa Monica Mountains Conservancy	79570	37,000,000	9,711,424	7,964,782	1,746,642	27,288,576	5
California Bay Delta Authority	79550	86,661,000	86,661,000 <sup>5</sup>	5,779,064	80,881,936	0	58
San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy	79570	18,700,000	4,500,000	4,500,000	0	14,200,000	1
Department of Parks and Recreation		390,000	390,000 <sup>10</sup>	113,447 <sup>10</sup>	276,553	0	0
Unspecified <sup>5</sup>	79550	375,135,922 <sup>6</sup>	0	0	0	375,135,922	0
Totals		\$3,226,448,000	\$1,772,307,804	\$703,717,304	\$1,068,590,500	\$1,454,140,196	353

1. The amounts shown are net of \$213,552,000 in unappropriated, estimated statewide and program delivery costs over the life of the bond. This item includes estimated costs associated with bond issuance, interest payments, public website, legal support, auditing, coordination of fiscal oversight including budgeting and accounting, and program delivery for all departments receiving Proposition 50 funds. Funds have been set aside from the allocation of each bond act section to share in these costs. Statewide costs are distributed proportionately to each bond allocation, and will be included in the respective Resources Agency and Department of Parks and Recreation totals for appropriations, expenditures, and encumbrances. For fiscal year 2003-04, the Resources Agency and the Department of Parks and Recreation were appropriated \$1,605,000 and \$390,000, respectively, for statewide costs. Program delivery costs are included in each department's support appropriations, expenditures, and encumbrances.

2. The amounts shown represent cumulative expenditures since program inception. Expenditures for fiscal year 2003-04 totaled \$404,749,291.

3. Reserve for commitments includes funds set aside for particular projects, where contracts have been initiated but not yet executed.

4. Additional projects may be under review and/or negotiation for which expenditures/encumbrances have not yet occurred.

5. The Department of Water Resources, California Bay Delta Authority, Department of Fish and Game, State Water Resources Control Board, and Department of Forestry and Fire Protection received appropriations from the unspecified allocation for the CALFED Bay-Delta Program implementation. In fiscal year 2003-04, these departments received appropriations totaling \$349,598,078.

6. This amount is the remaining unspecified allocation not appropriated as of June 30, 2004. See note 5 for details.

7. The bond act continuously appropriated the Wildlife Conservation Board (WCB) \$140,000,000 (bond act section 79565) and \$750,000,000 (bond act section 79572), while the budget act appropriated additional funds for estimated statewide and program delivery costs. The WCB is internally monitoring program expenditures and encumbrances to ensure that they do not exceed the original bond allocations.

8. The amount includes transfers of \$21,000,000 (WCB) and \$1,872,000 (SCC) from Proposition 50 to the Habitat Conservation Fund per Chapter 157, Statutes of 2003.

9. The amount includes a \$21,000,000 transfer from Proposition 50 to the Safe Drinking Water State Revolving Loan Fund per Chapter 157, Statutes of 2003. As of June 30, 2004, there were no expenditures or projects.

10. This item includes transactions related to the appropriated portion of the statewide costs described in Note. 1.

Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Proposition 50)  
Schedule of Allocations, Appropriations, Expenditures, and Encumbrances by Bond Act Section  
For the period July 1, 2002 to June 30, 2004

Bond Act Section	Purpose	Remaining Amount Available for Program Expenses <sup>1</sup> A	Appropriation B	Expenditures <sup>2</sup> , Encumbrances, and Reserve for Commitments <sup>3</sup> C	Appropriation Balance B-C	Unappropriated Balance A-B	Number of Projects <sup>4</sup>
79520	Drinking water systems protection	\$47,250,000	\$15,068,000	\$197,078	\$14,870,922	\$32,182,000	0
79530	Safe drinking water standards - infrastructure improvements	412,355,000	102,121,120 <sup>8</sup>	21,000,000 <sup>8</sup>	81,121,120	310,233,880	0
79540	Clean water/water quality	91,500,000	67,707,261	1,436,491	66,270,770	23,792,739	0
79541	River parkways - acquisition, restoration, protection, development	91,500,000	0	0	0	91,500,000	0
79542	Lake Tahoe - acquisition, restoration, protection	36,600,000	0	0	0	36,600,000	0
79543	Coastal waters, estuaries, bays, near-shore waters, and groundwater - restore/protect water quality	91,500,000	25,364,000	7,036,180	18,327,820	66,136,000	1
79544	Sierra Nevada-Cascade Mountain region - acquisition	27,450,000	0	0	0	27,450,000	0
79545	Contaminant and salt removal technologies	92,040,000	36,848,411	174,536	36,673,875	55,191,589	0
79550	CALFED Bay-Delta Program implementation	771,334,000	396,198,078 <sup>5</sup>	107,823,631	288,374,447	375,135,922	236
79560	Integrated regional water management	461,080,000	97,665,000	29,959,325	67,705,675	363,415,000	55
79565	Regional water quality/water supply reliability, fish and wildlife habitat - acquisitions	133,637,000	161,554,032 <sup>6,7</sup>	48,428,126 <sup>7</sup>	113,125,906	(27,917,032)	16
79567	Colorado River - canal lining and related projects	19,300,000	19,000,000	19,000,000	0	300,000	2
79568	Colorado River - acquisition, protection, and restoration of land/water resources	45,750,000	32,698,012	31,499,435	1,198,577	13,051,988	2
79570	Coastal watershed/wetlands protection	186,950,000	48,156,717 <sup>7</sup>	31,050,587 <sup>7</sup>	17,106,130	138,793,283	27
79572	Coastal wetlands, adjacent upland areas, and coastal watersheds	716,207,000	767,932,173 <sup>6</sup>	405,112,740	362,819,433	(51,725,173)	14
	Subtotals	3,224,453,000	1,770,312,804	702,718,129	1,067,594,675	1,454,140,196	353
	Appropriated RA Statewide Costs <sup>9</sup>	1,605,000	1,605,000	885,728	719,272	0	
	Appropriated DPR Statewide Costs <sup>9</sup>	390,000	390,000	113,447	276,553	0	
	Totals	\$3,226,448,000	\$1,772,307,804	\$703,717,304	\$1,068,590,500	\$1,454,140,196	353

1. The amounts shown are net of \$213,552,000 in unappropriated, estimated statewide and program delivery costs over the life of the bond. This item includes estimated costs associated with bond issuance, interest payments, public website, legal support, auditing, coordination of fiscal oversight including budgeting and accounting, and program delivery for all departments receiving Proposition 50 funds. Funds have been set aside from the allocation of each bond act section to share in these costs. Statewide costs are distributed proportionately to each bond allocation, and will be included in the respective Resources Agency and Department of Parks and Recreation totals for appropriations, expenditures, and encumbrances. For fiscal year 2003-04, the Resources Agency and the Department of Parks and Recreation were appropriated \$1,605,000 and \$390,000, respectively, for statewide costs. Program delivery costs are included in each department's support appropriations, expenditures, and encumbrances.

2. The amounts shown represent cumulative expenditures since program inception. Expenditures for fiscal year 2003-04 totaled \$404,749,291.

3. Reserve for commitments includes funds set aside for particular projects, where contracts have been initiated but not yet executed.

4. Additional projects may be under review and/or negotiation for which expenditures/encumbrances have not yet occurred.

5. The Department of Water Resources, California Bay Delta Authority, Department of Fish and Game, State Water Resources Control Board, and Department of Forestry and Fire Protection received appropriations from the bond act section for the CALFED Bay-Delta Program implementation. In fiscal year 2003-04, these departments received appropriations totaling \$349,598,078.

6. The bond act continuously appropriated the Wildlife Conservation Board (WCB) \$140,000,000 (bond act section 79565) and \$750,000,000 (bond act section 79572), while the budget act appropriated additional funds for estimated statewide and program delivery costs. The WCB is internally monitoring program expenditures and encumbrances to ensure that they do not exceed the original bond allocations.

7. The amount includes transfers of \$21,000,000 (WCB) and \$1,872,000 (SCC) from Proposition 50 to the Habitat Conservation Fund per Chapter 157, Statutes of 2003.

8. The amount includes \$21,000,000 transferred from Proposition 50 to the Safe Drinking Water State Revolving Loan Fund per Chapter 157, Statutes of 2003. As of June 30, 2004, there were no expenditures or projects.

9. This item includes transactions related to the appropriated portion of the statewide costs described in Note 1.

## FINDINGS AND RECOMMENDATIONS

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In planning and performing our audit of Proposition 12, 13, 40, and 50 expenditures, we reviewed the applicable internal control of departments administering bond funds to determine areas of risk and to identify where the control and accountability for bond funds could be improved. In general, we found that bond funds and bond-acquired assets were adequately accounted, safeguarded, and reported in compliance with the bond acts and state fiscal requirements. Most departments have taken action to address prior findings and strengthen controls. However, we noted certain conditions that still require corrective action to improve fiscal operations. The following conditions illustrate the importance of designing controls that enhance departments' ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. We also communicated these issues to departments via separate management letters. While many of these conditions were noted at more than one department, due to materiality factors, some conditions may not have been included in each department's management letter. Departments not separately issued these findings should review the following conditions, assess applicability to their bond programs, and take corrective action as necessary. Because responses have already been obtained for these findings, additional departmental comment is not required. Responding departments indicated agreement with most or all of the recommendations, and have taken or plan to take appropriate corrective action.

***Grant Monitoring Could Be Improved:*** We identified opportunities for improvement in grant monitoring procedures. Specifically, departments do not consistently review grantees' claimed expenditures and advances for compliance with contract budgets, nor maintain evidence of grant expenditure review and approval. In addition, some grantees lacked supporting documentation for expenditures, did not track interest earned on advanced funds, exceeded contract budgets, and incurred expenditures after contract expiration. Without adequate oversight of grant expenditures, the potential for undetected errors and irregularities is high. Departments should monitor grantees more closely and ensure that they comply with all fiscal accountability requirements.

***Encumbrances and Expenditures are Not Properly Recorded, Reviewed, or Reported:*** In some departments, bond funds were encumbered without a valid contract, expenditures were improperly accrued before incurred, and valid expenditures were encumbered instead of accrued. This is a recurring condition from a prior audit. Without adequate encumbrance and expenditure control, bond funds may be over-committed and financial statements may be materially misstated. We recommend that departments review all encumbrances and expenditures periodically and at year-end for validity and accuracy.

***Not All Expenditures are Allocated to Applicable Departments and Funds:*** One department continues to lack a methodology to distribute Proposition 13 bond issuance and audit costs to the applicable departments, subsidiary funds, and subaccounts. This is a recurring condition from prior audits. In order to ensure that there are sufficient funds to pay for future audit and bond issuance costs, and to accurately reflect available program funds, we

recommend that the department develop and implement an allocation plan to distribute these costs to the applicable departments, funds, accounts, and subaccounts.

***Inadequate Recording and Reporting of Fixed Assets:*** We determined that some departments do not maintain a subsidiary property ledger, do not reconcile property transactions, inaccurately report fixed assets activity in year-end reports, and do not report real property transactions to the Department of General Services' Statewide Real Property Inventory. This is a recurring condition from a prior audit. We recommend that departments maintain and reconcile subsidiary fixed assets information, and accurately report amounts in the Statements of General Fixed Assets, Changes in General Fixed Assets, and Statewide Real Property Inventory.

***Inaccurate, Incomplete, and Untimely Reporting of Project Status:*** In addition to the incomplete and untimely submission of project status, several departments were unable to reconcile their project status with the June 30, 2004 financial statements, and they did not timely notify us of reconciliation problems so that we could provide assistance. This is a recurring condition from prior audits. Without complete and timely reconciliation between program and fiscal data, the departments may lose control and accountability of bond funds, and material errors may remain undetected. We recommend that departments maintain accurate and reconciled project status information, timely submit complete project status information when requested, and promptly notify the Department of Finance of reconciliation problems and delays.

## CONCLUSION

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We respectfully submit this report on our review of the 2000 Parks Bond (Proposition 12), 2000 Water Bond (Proposition 13), 2002 Resources Bond (Proposition 40), and 2002 Water Bond (Proposition 50) funds, as of June 30, 2004.

The control and accountability issues reported separately to departments and discussed in the *Findings and Recommendations* section present opportunities to correct identified weaknesses and improve operations. We believe the internal control would be strengthened if departments implement our recommendations. The internal control weaknesses, if left uncorrected, increase the risk that material errors or irregularities could occur and remain undetected.

Except as discussed in the following paragraph, we conducted our review in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States, based on fieldwork performed from September 7, 2004 to January 6, 2005. We limited our review to those areas specified in the scope section of this report.

In connection with our review, there are certain disclosures required by GAS Statement No. 3. Both the administering departments and the Department of Finance, of which the Office of State Audits and Evaluations is a unit, are part of the Executive Branch, which GAS considers an impairment to independence. Also, as required by various statutes within the California Government Code, the Department of Finance's other units are mandated to perform certain management and accounting functions. These activities impair independence. Although the Department of Finance is statutorily obligated to perform these specific activities, we believe that sufficient safeguards and divisions of responsibility exist that would enable the reader of this report to rely on the information contained herein.

### *Original Signed By:*

Samuel E. Hull, CPA  
Chief, Office of State Audits and Evaluations  
(916) 322-2985

January 6, 2005







March 14, 2005

Mr. Samuel E. Hull, Chief  
Department of Finance  
300 Capitol Mall, Suite 801  
Sacramento, CA 95814

Dear Mr. Hull,

Thank you for the opportunity to respond to the draft audit report of Propositions 12, 13, 40 and 50 bond funds as of June 30, 2004. We appreciate the efforts of the auditors working with the many departments administering these bond programs, and the cooperation and responsive relationships that have developed. We are pleased that the audit concluded that bond funds and bond-acquired assets were accurately accounted and reported in compliance with the bond act, and in conformity with the accounting practices as prescribed by the State of California.

We see continued improvement from prior years in the number of management letters identifying deficiencies in departments within the Resources Agency. With so many funds, departments, programs and individuals involved in administering and accounting for \$10 billion, some errors will inevitably occur. We note from the management letters that a small number of departments account for the bulk of the issues. While we will pursue remedies to the deficiencies identified in the management letters, we will direct all departments to review their practices to ensure compliance and avoid future audit issues.

We look forward to our continued working relationship with Department of Finance staff.

Sincerely,

*Original Signed By:*

Don Wallace  
Assistant Secretary  
Finance and Administration

cc: All Department Directors, Propositions 12, 40, and 50

1416 Ninth Street, Suite 1311, Sacramento, CA 95814 Ph. 916.653.5656 Fax 916.653.8102 <http://resources.ca.gov>

Baldwin Hills Conservancy • California Bay-Delta Authority • California Coastal Commission • California Conservation Corps • California Tahoe Conservancy  
Coachella Valley Mountains Conservancy • Colorado River Board of California • Delta Protection Commission • Department of Boating & Waterways • Department of Conservation  
Department of Fish & Game • Department of Forestry & Fire Protection • Department of Parks & Recreation • Department of Water Resources  
Energy Resources, Conservation & Development Commission • Native American Heritage Commission • San Diego River Conservancy  
San Francisco Bay Conservation & Development Commission • San Gabriel & Lower Los Angeles Rivers & Mountains Conservancy • San Joaquin River Conservancy  
Santa Monica Mountains Conservancy • State Coastal Commission • State Lands Commission • Wildlife Conservation Board

